



C.H. JOHNSON CONSULTING



Convention Center Redevelopment Feasibility Analysis

SUBMITTED TO:
The City of Tucson

SUBMITTED BY:
C.H. Johnson Consulting, Inc.
HNTB Architects
Hargreaves Associates

March 2007

JOHNSON
CONSULTING

HNTB

HARGREAVES
ASSOCIATES

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I. TRANSMITTAL LETTER

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

March 13, 2007

Mr. Richard Singer
General Manager
Tucson Convention Center
260 South Church Avenue
Tucson, Arizona 85701

Dear Mr. Singer:

C.H. Johnson Consulting, Inc. (Johnson Consulting) has prepared a market and financial feasibility study associated with the Tucson Convention Center campus. This report includes our recommendations for physical expansion, estimates of demand and projected financial performance. We have also prepared an economic and fiscal impact analysis for both the convention center and the potential new arena. In response to our analysis, HNTB Architects has prepared initial site, physical and cost information for use by the City and other stakeholders. Additionally, Hargreaves Associates has reflected on both firm's findings and have reflected the findings in updated urban planning information.

We have undertaken procedures that we believe are appropriate for drawing conclusions regarding the future operations of the Tucson Convention Center. Johnson Consulting has no responsibility to update this report for events and circumstances that occur after the date of this report. The findings presented herein, reflect analysis of primary and secondary sources of information. Johnson Consulting utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,
C.H. JOHNSON CONSULTING, INC.

A handwritten signature in black ink that reads "C.H. Johnson Consulting, Inc." in a cursive, flowing script.

CHARLES H. JOHNSON IV
PRESIDENT

II. INTRODUCTION

INTRODUCTION

The City of Tucson engaged C.H. Johnson Consulting, Inc. (Johnson Consulting) to conduct an evaluation for the Tucson Convention Center (TCC) expansion and to provide direction to HNTB and Hargreaves, two technical consulting firms, who are preparing initial design and site planning information.

The convention center is a poor performer nationally and within its peer set. Opened in 1971, the Convention Center is a multipurpose building located in downtown Tucson, Arizona. The Convention Center, which includes exhibit halls, an arena, two performing arts theaters, a ballroom and a limited amount of meeting space, is the largest event facility in Tucson. Built along the pattern seen in its development time period, the Arena, Convention Center and theaters were developed as a complex. As the market has evolved, the arena market has changed and become more sophisticated. Newer, more amenity driven arenas have evolved, without association with convention centers. The proposed new arena for Tucson is very consistent with today's trends and its removal from the TCC presents an opportunity to reposition the TCC to a much more competitive venue, exclusively dedicated to conventions, tradeshow, consumer shows, meetings and social and cultural events.

With the revenue associated with the Rio Nuevo redevelopment district, as well as the community and state Convention Center funding, such a redevelopment is proposed. The TCC has always been deficient in meeting space, the presence of the arena has caused date conflicts, and the overall layout and user friendliness has been poor. Further, since its opening, urban trends have caused downtown to lose favor to suburban Tucson. The Rio Nuevo project will leverage a shift in interest in a stronger urban presence in cities nationally. The redevelopment of the TCC, the new arena, development the West Side cultural campus, as well as the positive prospects for additional hotel rooms in Downtown Tucson should result in a highly attractive project for Tucson.

The elements of this evaluation include:

- Assuming that the new arena will be built and additional and better rooms created, suggest the optimal expansion and or renovation of the existing convention, tradeshow and meeting facilities,
- A review of the Convention Center's role in the future development of Tucson,
- A market analysis to review the Convention Center's capacity to meet demand for public, private, and civic use,

- Produce a preliminary site plan and cost estimate illustrating the expanded/renovated facilities,
- Explore the advantages and disadvantages of eliminating the arena verses gutting it and recreating it as exhibit and meeting space,
- Project the economic impact that may result from the creation of a new and improved headquarters hotel and renovate/expanded convention facilities.
- Quantify the economic and fiscal impacts associated with the proposed new arena.

This report presents the results of the evaluation and outlines recommendations in regard to operations and the appropriate facility for the Tucson marketplace. This report should be read concurrently and used in its entirety as each element of the analysis builds on information presented in successive sections. The contents of this report are organized as follows:

- **Section 1** - Report Letter.
- **Section 2** - Introduction, Methodology Review, and Executive Summary & Recommendations.
- **Section 3** - Market Analysis. Presents an economic and demographic overview of the local market, as defined by Tucson Metropolitan Statistical Area. The information in this section is an essential component in understanding the economic and market framework that supports the Convention Center.
- **Section 4** - presents an overview of trends and factors in the convention and meetings industry that may impact the development and performance of a facility in Tucson. In addition, this section summarizes analyses of the existing facility's operations, as well as convention, conference, meeting, and hotel facilities in Arizona markets and provides implications for Tucson. It also summarizes a study of Tucson tourism, a survey of Arizona meeting planners, and our interviews and observations with stakeholders of the Convention Center.
- **Section 5** - contains profiles of comparable facilities and markets in the US that have or are constructing a convention center.
- **Section 6** - reviews product features, site characteristics, and other factors that are critical to the success of a convention center expansion/renovation. Subsequently, a recommended building program is presented for an

expanded facility in Tucson as well as an initial estimate of costs. This section also presents the site analysis

- **Section 7** - presents a projection of demand and operating statistics for the expanded convention center, as well as hotel room night generation by the expanded facility.
- **Section 8** - presents the fiscal and economic impact from the expansion of the convention center and the new arena.

About the Authors

C.H. Johnson Consulting is a nationally-recognized real estate and economic development consulting firm with extensive experience in the development of public assembly facilities such as conference centers, convention centers, hotels, and other multi-purpose facilities. Johnson Consulting served as the engagement manager for this project and conducted the market study, operations analysis, competitive positioning analysis, prepared the demand and operating projections, and provided general strategic advisory services. Staff at Johnson Consulting also prepared an operational review of the TCC in the early 1990's and Johnson Consulting is also preparing the market and financial feasibility studies for the proposed hotel complex that may serve the expanded TCC.

HNTB Architecture is one of the nation's leading planners, programmers and designers of convention centers, and for this project analyzed and developed the concept plan for the center's expansion and renovation. The guiding philosophy of the firm's work is a commitment to design excellence based on creating market responsive and highly functional centers whose architectural character embodies the spirit of the community. HNTB's convention center experience includes new buildings in Providence; Boston; Ontario and Palm Springs, CA; Washington, DC; Seattle; and expansions in Ft. Wayne, Kansas City; Las Vegas; San Diego and elsewhere. In addition to its work on the Tucson Convention Center, HNTB is currently involved in designing the proposed new arena for Tucson.

Hargreaves Associates is a professional consulting firm comprised of landscape architects and planners with offices in San Francisco, California, Cambridge, Massachusetts, and New York City. The work includes a wide range of urban design, waterfronts, public parks, academic, corporate, institutional, and residential planning and design projects, and the staff's extensive range of expertise reflects the firm's wide range of project types. Since its founding in 1983, the firm has developed particular expertise in two areas: campus master planning and open space design; and reclamation of neglected or abandoned sites for public occupation, often on waterfronts or in urban cores. In all projects the firm's work centers on planning and design that is specific to a site including its historical context, its natural

processes and the uses aspired to for that site. The firm's work embodies a commitment to 'civic' vitality and creative solutions that meld cultural desires, functional needs and site.

METHODOLOGY

In order to complete its assessment and recommendations concerning the Tucson Convention Center, Johnson Consulting performed the following tasks:

- Analyzed economic and demographic characteristics of the metropolitan area, such as population, employment, and corporate presence,
- Toured the facility and met with the personnel responsible for its operation,
- Reviewed the operations of the Convention Center and evaluated management practices,
- Analyzed current and expected future trends in the meetings and convention industries,
- Met with and interviewed local and regional event promoters and others in the meetings, hospitality, and entertainment industries,
- Reviewed documentation regarding recent and development efforts and interviewed local planning officials,
- Interviewed local business leaders and economic development officials,
- Surveyed and interviewed area businesses and organizations to assess the market for an expanded Convention Center and gauge interest in facility features such as exhibit space,
- In association with Tradeshow Week, surveyed over 2,000 current and potential facility users on their thoughts about the facility and local market,
- Developed case studies on comparable facilities and markets,
- Analyzed the market's ability to support an expanded facility and additional exhibition space relative to other facilities in the marketplace,
- Recommended facility physical program improvements and additions for the Convention Center,
- Prepared a financial model and projections regarding the expanded facility's future demand schedule operating revenues, and expenses, and
- Estimated current and future economic and fiscal impacts related to the construction and continuing operation of an expanded Convention Center and the proposed new, stand alone arena.

EXECUTIVE SUMMARY

Based on our analysis of Tucson's demographic and economic situation, its potential within the convention and meetings market, the current operation of the existing Tucson Convention Center, and the physical and operational attributes of selected peer facilities, as described in Section 3 through Section 5 of this report, facility improvements are essential. Our initial recommendations include following improvements: an overall upgrade and facelift for the complex, addition of ballroom and meeting rooms, addition of exhibit space by renovating the existing arena, improvement of all building systems, especially HVAC, as well as finishes, amenities, and circulation area, and consideration for future expansion.

Initial recommendations have been conceptually presented by HNTB Architecture and are summarized in Appendix I of this report. The projections of the expanded TCC documented in Section 6 and Section 7 of this report include event demand, attendance, financial projections, as well as economic and fiscal impacts as a result of the first phase of the expansion, which includes improvements as summarized in Table 2-1 below.

Table 2-1

Tucson Convention Center Suggested Expansion Program					
		Existing Size	Suggested Additions (Approx.)*	Total Built- Out	Increase
Priority I	Add Meeting Rooms w/ Pre-Function Area***	10,640	21,260	31,900**	3.0 x
Priority III	Expand Exhibition Hall w/ Pre-Function Area	113,940	19,960	133,900	1.2 x
Priority II	Add Ballrooms w/ Pre-Function Area	20,164	28,236	48,400	2.4 x
Total		144,744	69,456	214,200	
Ratio of Meeting Rooms to Exhibit Hall		9%		24%	
*Reflects NET additions. Demolished space needs to be replaced.					
**Preferably in various sizes, with the capability ti be used separately.					
***Pre-Function area should be large enough to accommodate light food service, e.g., during breaks.					
Source: Johnson Consulting					

Event Demand and Attendance

Table 2-2 shows the projected event demand and attendance for Year 1 and Year 5 (stabilized year) upon facility expansion. In Year 1, the expanded TCC is projected to host a total of 247 events, generating a total of 306,300 attendees. In its stabilized year of expanded operation, the TCC is projected to host a total of 283 events, generating a total of 361,700 attendees.

Table 2-2

Renovated Tucson Convention Center Projected Event Demand and Attendance				
	Year 1 (2009)		Year 5 (2013)	
	# of Events	# of Attendees	# of Events	# of Attendees
Exhibit Events				
Conventions and Trade Shows	20	56,000	24	70,100
Consumer Shows	38	114,000	42	131,000
Sub-total Exhibit Hall	58	170,000	66	201,100
Non-Exhibit				
Banquets and Receptions	46	13,400	54	15,500
Corporate	20	9,400	24	11,500
SMERF Events	88	64,100	100	75,500
Miscellaneous	35	49,400	39	58,100
Sub-total Non-Exhibit	189	136,300	217	160,600
Total	247	306,300	283	361,700

Source: Johnson Consulting

Financial Projections

Table 2-3 shows the projected operating revenues and expenses for Year 1 and Year 5 (stabilized year) upon facility expansion. In Year 1, the expanded TCC is projected to generate \$2.4 million of revenues and incur \$2.3 million of expenses, resulting in net operating income (before reserves) of \$169,000. After reserves of \$374,000, net operating deficit is projected to be \$205,000. In its stabilized year of expanded operation, the TCC is projected to generate \$3.1 million of revenues and incur \$2.7 million of expenses, resulting in net operating income (before reserves) of \$423,000. After reserves of \$471,000, net operating deficit is projected to be \$48,000.

Table 2-3

Renovated Tucson Convention Center Projected Operating Statement of Revenue and Expenses		
	Year 1 (2009)	Year 5 (2013)
Revenues		
Event Revenues	\$1,974,000	\$2,547,000
Other Revenues	465,000	579,000
Total Revenues	\$2,439,000	\$3,126,000
Total Expenses	\$2,270,000	\$2,703,000
Net Operating Income	\$169,000	\$423,000
Reserves	\$374,000	\$471,000
Net Operating Income after Reserves	(\$205,000)	(\$48,000)
<i>Source: Johnson Consulting</i>		

Economic and Fiscal Impacts

The renovation and expansion of Tucson Convention Center is expected to generate substantial economic and fiscal benefits. Table 2-4 summarizes the estimated economic and fiscal impact of the renovated Tucson Convention Center in a stabilized year of operation (Year 5, or 2013), as well as the incremental impact due to the renovation.

Table 2-4

Renovated Tucson Convention Center Summary of Annual and Incremental Impacts (in \$Millions)		
	Annual	Incremental*
Economic Impact		
Total Impact		
Total Direct, Indirect, and Induced Spending	\$203.9	\$102.3
Increased Earnings	\$69.0	\$34.6
Employment**	2,910	1,460
Net New Impact to Tucson Metro Area		
Total Direct, Indirect, and Induced Spending	\$113.6	\$54.3
Increased Earnings	\$38.4	\$18.4
Employment**	1,570	750
Net New Impact to Arizona		
Total Direct, Indirect, and Induced Spending	\$74.3	\$35.6
Increased Earnings	\$25.3	\$12.1
Employment**	940	450
Fiscal Impact		
General Sales Tax	\$9.30	\$4.66
Hotel/ Motel Tax	1.35	0.62
Business Privilege Tax	0.36	0.18
Auto Rental Tax	1.44	0.68
Total	\$12.44	\$6.14
TIF Revenues***		
At 60 percent capture rate	\$5.70	\$2.99
At 70 percent capture rate	\$6.53	\$3.37
<i>*Reflects the difference between post-expansion impact and pre-expansion impact.</i>		
<i>**Employment shows full-time equivalent jobs.</i>		
<i>***Reflects sales tax revenues generated within the TIF District.</i>		
<i>****Meaning, 60 or 70 percent of spending is capture within the TIF District.</i>		
<i>Source: Johnson Consulting</i>		

As shown in the table, the expansion and renovation of Tucson Convention Center is expected to approximately double the economic and fiscal impact of the facility to the economy. For example, the renovation is expected to generate spending of \$102.3 million of incremental spending, resulting in \$203.9 million of total annual direct, indirect, and induced spending. From a fiscal viewpoint, the renovation is expected to generate \$6.14 million in incremental fiscal benefit, resulting in \$12.4 million in annual fiscal benefit in a post-expansion stabilized year, including \$5.7 million to \$6.5 million in TIF revenues.

The one-time expansion activity, at a total expansion construction cost of \$105.5 million, is projected to generate indirect and induced spending of \$58.1 million, amounting to a total spending of \$163.7 million. The construction activity is also estimated to result in increased earnings of \$49.1 million, and 1,073 full-time equivalent jobs. The estimated fiscal impact from the 8.1 percent sales tax applied to the total spending is approximately \$8 million.

Economic and Fiscal Impact of Multi-Purpose Arena

The economic and fiscal impact analysis of the proposed Multi-Purpose Arena is based on event demand, attendance, and activities at the new Multi-Purpose Arena as projected by CSL International ("CSL") in its market and financial analysis of the new Arena, which was presented to the City of Tucson in February 2005. The CSL report provides "base case" and "best case" projections – our analysis is based on the "base case" projection. Table 2-5 summarizes the estimated economic and fiscal impact of the new Multi-Purpose Arena in a stabilized year of operation, as well as the incremental impact due to the new development.

Table 2-5

Multi-Purpose Arena, Tucson		
Summary of <u>Annual</u> and <u>Incremental</u> Impacts (in \$Millions)		
	Annual	Incremental*
Economic Impact		
Total Impact		
Total Direct, Indirect, and Induced Spending	\$75.5	\$55.7
Increased Earnings	\$26.1	\$19.2
Employment**	1,180	870
Net New Impact to Tucson Metro Area		
Total Direct, Indirect, and Induced Spending	\$16.6	\$11.0
Increased Earnings	\$5.7	\$3.8
Employment**	250	160
Net New Impact to Arizona		
Total Direct, Indirect, and Induced Spending	\$10.9	\$7.2
Increased Earnings	\$3.7	\$2.5
Employment**	150	100
Fiscal Impact		
General Sales Tax	\$3.32	\$2.46
Hotel/ Motel Tax	0.12	0.08
Auto Rental Tax	0.72	0.53
Total	\$4.17	\$3.06
TIF Revenues***		
At 60 percent capture rate****	\$2.40	\$1.79
At 70 percent capture rate****	\$2.60	\$1.94
*Reflects the difference between new Arena impact and existing Arena impact.		
**Employment shows full-time equivalent jobs.		
***Reflects sales tax revenue generated within the TIF district.		
****Meaning, 60 or 70 percent of spending outside Arena is captured within TIF District.		
Source: Johnson Consulting		

As shown in the table, the new Multi-Purpose Arena development is expected to generate substantial benefits, largely because of (i) the increased capacity (from 4,988 fixed seats to 11,000 fixed seats), (ii) the presence of premium seating (22 hospitality suites, 25 loge boxes, and 500 club seats), and (iii) its ability to attract two professional sports teams as tenants. As shown in Table 2-5, the new Multi-Purpose Arena development is expected to approximately triple the economic and fiscal impact of the facility to the economy. For example, the new Arena is expected to generate \$55.7 million of incremental spending, resulting in \$75.5 million of total annual direct, indirect, and induced spending. From a fiscal viewpoint, the new Arena is expected to generate \$3.06 million in incremental fiscal benefit, resulting in

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\$4.17 million in annual fiscal benefit in a stabilized year, including \$2.4 million to \$2.6 million in TIF revenues.

III. GENERAL MARKET AREA ANALYSIS

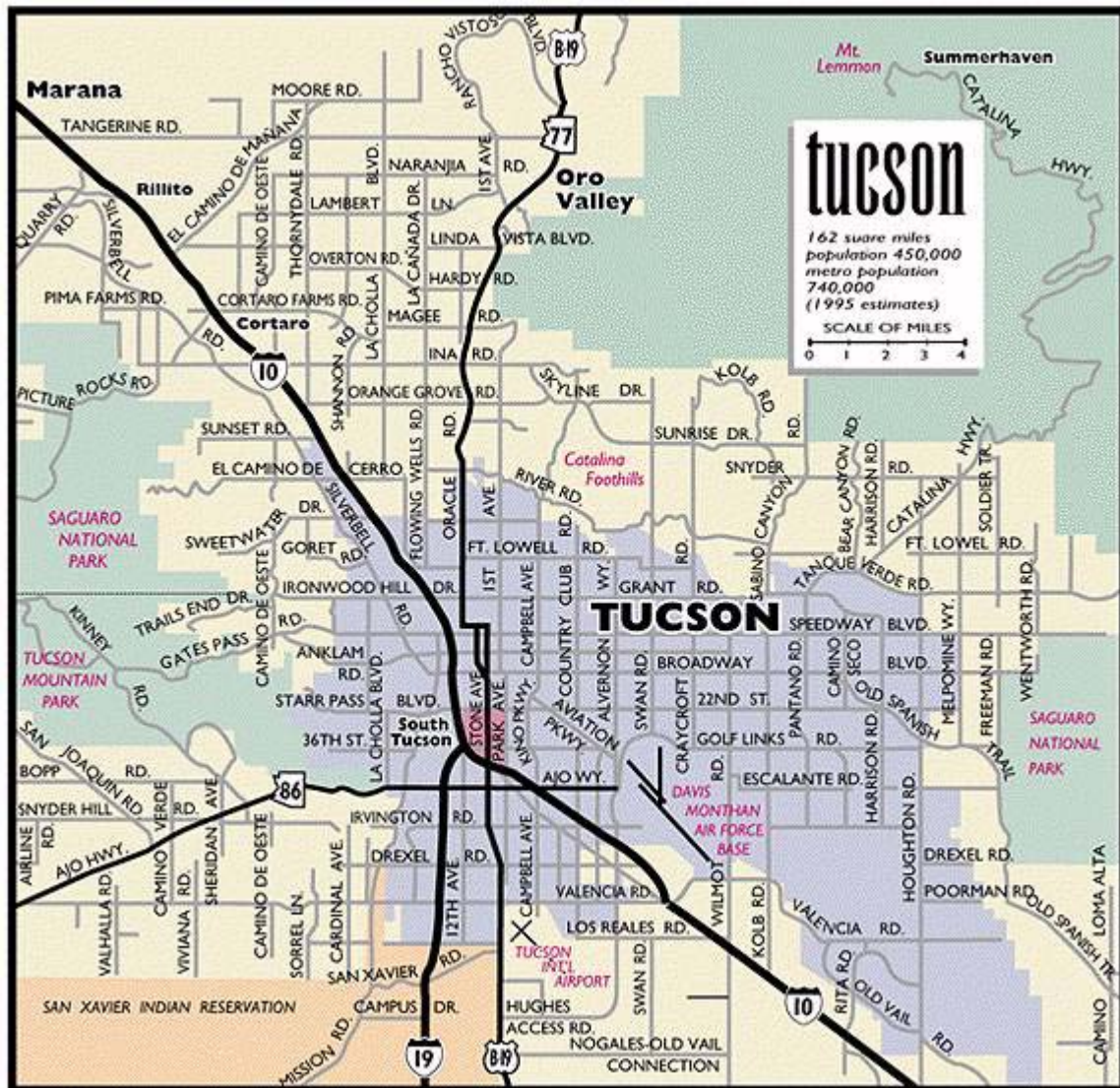
GENERAL MARKET AREA ANALYSIS

Local market area characteristics influence the demand for convention centers and associated developments. This section profiles the metropolitan area, and characteristics of the area that affect the convention industry and also provides a brief overview of the economic characteristics of the market.

Overview

The City of Tucson, Arizona is part of the one-county Tucson Metropolitan Statistical Area (MSA), with a population of 924,500. The City itself is located in Pima County in the southeast portion of Arizona, and its population was approximately 521,000 people as of 2005. Tucson, approximately 115 miles southeast of Phoenix and 130 miles west of New Mexico, is located about 70 miles north of US-Mexico border. Figure 3-1 shows a map of the Tucson area.

Figure 3-1



The Tucson metropolitan area covers 350 square miles in eastern Pima County. The Tucson basin is surrounded by a series of mountain ranges: the Catalina Mountains to the northeast, the Tortolita Mountains to the north, the Tucson Mountains to the west, the Rincon Mountains to the east and the Santa Rita and Sierrita Mountains to the south. Four incorporated areas and two Indian reservations are within the metro area, including the cities of Tucson and South Tucson, the towns of Oro Valley and Marana, the San Xavier District of the Tohono O'Odham Reservation, and the Pascua Yaqui Reservation.

The metropolitan area's spatial extent and physical growth are constrained by mountains, the Coronado National Forest, the Indian reservations, and the east and west units of the Saguaro National Monument. While the mountains do present a barrier to growth, growth has been leaking out around the ranges, and there is the possibility of urban sprawl similar to that seen in Phoenix over time. Two physiographical regimes characterize the area: the Catalina Mountain foothills and the flatlands. The foothills, comprising the north portions of Tucson, contain the more prestigious residential areas with higher housing prices and household incomes, and most resort development in the region. The flatlands to the south have a more diverse residential population and include most of the major employment centers.

Land use patterns in the Tucson area have resulted to a large extent from its transportation system. Within the central valley, which includes downtown, the TCC area and U of A, the relatively level topography allowed a grid system of roadways that encouraged commercial development on a linear basis along the major corridors. Commercial uses are concentrated along the arterials, with residential development located primarily on interior streets. Aside from Interstates 10 and 19 that extend through the city, the grid road system is the primary means of circulating traffic through the metropolitan area.

Tucson is serviced entirely by wells that draw water from an underground aquifer. This underground source is replenished primarily by runoff from the mountains and rainfall that averages 11 inches annually. Continued population growth makes water availability a major public concern. Tucson is part of one of Arizona's "active management" areas. This area prohibits large private wells and advocates renewable water resources, such as recharge and treated effluent, and is connected to the CAP (Central Arizona Project) aqueduct system that transports water from the Colorado River. There is adequate well water for the short term, but officials are endeavoring to make the CAP part of a long-term solution for water availability.

The most vigorous growth during the past decade has occurred in the unincorporated portions of the market area north and northwest of Tucson. Nearly 40 percent of all new residential development and but for Starr Pass, all resort development during the 1990s took place north of River Road. Dramatic annexations of unincorporated land by the towns of Oro Valley and Marana are indicative of this growth. A transportation bond that passed in 2006 designates \$331 million for 56 projects.

Brief History

Tucson is one of the oldest towns in the United States and has been continuously settled for more than 12,000 years. Originally settled by aboriginal Indians, Tucson was founded under its current name in 1775 and settled by the Spanish a year later. Tucson's presidio was completed in 1803, which gave Mexico control over the Apache Indians. In 1853, Tucson became US territory through the Gadsden Purchase and by 1860, the city had 600 residents. Between 1867 and 1877, Tucson served as the capital of Arizona and in 1877, the city was incorporated. The Southern Pacific Railroad came through Tucson in 1880, which served to stimulate development and increase population, which reached 8,000 soon after. Arizona became a US state in 1912, and Tucson's population reached 120,000 by 1950. The 1950's served as a time of growth, as the population increased to 220,000 by the end of the decade. Tucson has grown from Native American farming community, to Spanish outpost, to dusty frontier town, to bustling, territorial railroad hub, to the mature Southwestern metropolis it is today. It is also gaining a very positive reputation as a resort and second home market.

Regional Access

Tucson's location is somewhat isolated, though it does have two major interstate highways which intersect downtown. It has reasonable access by air via the Tucson International Airport, which connects it to destinations across the county and Mexico.

The main highways from the north to Tucson are I-19, which continues south into Mexico, and I-10, which connects east and west to Phoenix and on to LA and El Paso, Texas, on to points east.. Interstate 8 connects with I-10 south of Phoenix and continues west to San Diego.

Airport Access

The Tucson International Airport is located about ten miles south of downtown Tucson. The airport is served by twelve airlines which have direct service to 16

destinations and connecting service to 121 destinations. Airlines which serve the Tucson Airport include the following:

- | | | |
|------------------|----------------|-------------|
| ▪ AeroCalifornia | ▪ America West | ▪ Northwest |
| ▪ Aerolitoral | ▪ Continental | ▪ SkyWest |
| ▪ Alaska | ▪ Delta | ▪ Southwest |
| ▪ American | ▪ Frontier | ▪ United |

The airport served 4,130,321 passengers in 2005 on 284,674 operations. The airport averages 71 daily departures with 6,960 seats. Tucson International Airport has three runways and room to house or tie-down nearly 600 planes.

Economic and Demographic Overview

The following text and tables summarize important characteristics of the local market, as defined by various geographical regions, such as the City of Tucson, Pima County, and the Tucson MSA (which is made up of Pima County). These characteristics will help to define the strength of the market and will support the demand projections developed later in this report.

Population

A strong population base is important to the success and demand for a convention center expansion because a share of its users will be local residents, especially for retail activity. In the case of a hotel, the facility relies on local and regional residents for a share of its demand, such as community-related events, but non-residents, business travelers, and tourists will provide the majority of demand.

Table 3-1 shows the population changes in the United States, the Mountain region, Arizona, Pima County, and the City of Tucson.

Table 3-1

National, State and Regional Population and Growth Rates					
	Population			Annual Growth Rate*	Increase (Decrease)
	1990	2000	2005		
USA	248,709,873	281,421,906	295,140,100	1.1%	18.7%
Region (AZ, CO, ID, MT, NM, NV, UT, WY)	10,280,505	13,447,087	14,668,600	2.4%	42.7%
Arizona	3,665,228	5,130,632	5,791,600	3.1%	58.0%
Colorado	3,294,394	4,301,261	4,644,500	2.3%	41.0%
Idaho	1,006,749	1,293,953	1,400,300	2.2%	39.1%
Montana	799,065	902,195	926,400	1.0%	15.9%
New Mexico	1,515,069	1,819,046	1,905,800	1.5%	25.8%
Nevada	1,201,833	1,998,257	2,352,300	4.6%	95.7%
Utah	1,722,850	2,233,169	2,404,300	2.2%	39.6%
Wyoming	453,588	493,782	505,500	0.7%	11.4%
Tucson MSA	668,844	848,554	924,500	2.2%	38.2%
Pima County	668,845	848,555	924,500	2.2%	38.2%
City of Tucson	405,390	486,699	521,000	1.7%	28.5%

Source: US Census Bureau, Johnson Consulting

The State of Arizona and much of the Mountain Region, experienced significant population growth from 1990 through 2005. Arizona and Nevada grew at the fastest rates of any Mountain states, and Tucson proper showed an increase of 28.5 percent during the period. The entire region showed growth well above the national average, and the Tucson MSA increased in population at more than double the national average.

Table 3-2 shows the projected population for Pima County through 2040.

Table 3-2

Tucson MSA Population Projections, 2000 - 2050		
Year	Population (Thousands)	Annual % Change
2000	848.6	--
2010	1,047.6	2.3%
2020	1,242.1	1.9%
2030	1,413.2	1.4%
2040	1,568.0	1.1%
2050	1,721.0	1.0%
Average Annual Percent Growth, 2000 - 2050		0.9%

Source: Bureau of Economic Analysis

Pima County is projected to approximately double in size by the year 2050. The corresponding growth rate of 0.9 percent is less than the 1.7 percent growth the county has seen since 1990.

Income and Employment

The depth and strength of a market's employment base and income levels is a strong indicator of its potential ability to support a mixed-use development and its related activities. In general, higher income levels lead to greater amounts of disposable income, which can be spent on non-essential items such as recreation and entertainment. Markets with more wealth also tend to be attractive regionally and nationally for tourism, including conventions and trade shows, as the likelihood of quality facilities is directly tied to the capacity of the public sector to provide amenities to support quality of life locally and economic growth regionally. Less wealthy markets will have less disposable income available to spend on special events, for example, and would generally be expected to provide a lower level of local attendee demand for such a facility. Indicators of a market's overall wealth and growth can include trends in its income and employment.

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector, such as manufacturing, have often had difficulty recovering from market shifts to other sectors, which lead to an overall loss of local income and employment. This situation will often lead to declining population trends, as residents move to other areas with better opportunities. University markets, of which Tucson is one, are often resilient to such changes as the economy is more balanced and less tied to changes in the economy.

Table 3-3 summarizes the historical growth in income and employment in Pima County from 2001 through 2004, based on the latest date provided by the Bureau of Economic Analysis.

Table 3-3

Tucson MSA Non-Farm Earnings By Sector				
Sector	2001	2002	2003	2004
Construction	\$988,031	\$1,007,847	\$1,059,267	\$1,148,546
Percent of Total	6.9%	6.7%	6.7%	6.7%
Manufacturing	\$2,020,385	\$2,048,546	\$2,142,178	\$2,266,554
Percent of Total	14.0%	13.6%	13.5%	13.2%
Retail trade	\$1,137,906	\$1,205,930	\$1,258,161	\$1,320,671
Percent of Total	7.9%	8.0%	7.9%	7.7%
Transportation and utilities	\$321,976	\$315,387	\$326,292	\$363,131
Percent of Total	2.2%	2.1%	2.1%	2.1%
Government	\$3,381,593	\$3,675,994	\$3,884,898	\$4,081,357
Percent of Total	23.5%	24.4%	24.5%	23.8%
Services	\$4,737,522	\$4,943,762	\$5,168,118	\$5,569,285
Percent of Total	32.9%	32.8%	32.5%	32.5%
FIRE*	\$794,779	\$825,767	\$974,895	\$1,180,563
Percent of Total	5.5%	5.5%	6.1%	6.9%
Other	\$1,016,779	\$1,026,909	\$1,064,615	\$1,230,621
Percent of Total	7.1%	6.8%	6.7%	7.2%
Total	\$14,398,971	\$15,050,142	\$15,878,424	\$17,160,728
Percent Growth		4.5%	5.5%	8.1%
*Finance, Insurance and Real Estate				
Source: Bureau of Economic Analysis				

Each sector has seen growth over the period between 2001 and 2004. Overall, non-farm earnings have grown by 8.1 percent from 2003 to 2004.

Table 3-4 compares the historical unemployment rates and per capita income for Pima County and the United States. Unemployment is another variable that measures the strength of an economy and also influences overall income levels, and per capita income indicates the relative wealth of a market and the amount of disposable income that is available.

Table 3-4

Unemployment and Income in the Tucson MSA				
Year	Average Monthly Unemployment Rate		Per Capita Income	
	MSA	US	MSA	US
1990	4.5%	5.6%	\$16,002	\$19,584
1991	4.2%	6.8%	\$16,588	\$20,089
1992	5.3%	7.5%	\$17,074	\$21,082
1993	4.1%	6.9%	\$17,935	\$21,718
1994	3.8%	6.1%	\$18,804	\$22,581
1995	3.5%	5.6%	\$19,275	\$23,562
1996	3.8%	5.4%	\$20,120	\$24,651
1997	3.3%	4.9%	\$20,812	\$25,874
1998	2.9%	4.5%	\$22,133	\$27,321
1999	3.2%	4.2%	\$22,995	\$28,546
2000	3.0%	4.0%	\$24,175	\$29,760
2001	3.5%	4.7%	\$24,828	\$30,413
2002	4.7%	5.8%	\$25,151	\$30,804
2003	4.4%	6.0%	\$25,906	\$31,472
2004	3.9%	5.5%	n/a	n/a
Average 1990-2004	3.9%	5.6%	--	--
CAGR* 1990-2004	--	--	3.8%	3.7%
<i>*Compounded Annual Growth Rate</i>				
<i>Source: Bureau of Economic Analysis, Bureau of Labor Statistics</i>				

Throughout the past fifteen years, the unemployment rate in Pima County was consistently and significantly lower than the national unemployment rate. Overall, unemployment in the Tucson MSA averaged 3.9 percent over the period between 1990 and 2004. Per capita income for Pima County has seen slightly higher than average growth since 1990, but is approximately \$5,500 less than the national average.

Table 3-5 displays the MSA's non-farm employment by industry sector for each year between 2001 and 2004.

Table 3-5

Tucson MSA Non-Farm Employment By Sector				
Sector	2001	2002	2003	2004
FIRE*	35,352	36,051	37,598	40,428
Percent of Total	8.0%	8.1%	8.4%	8.7%
Services	183,048	186,122	189,094	197,104
Percent of Total	41.3%	41.7%	42.0%	42.4%
Retail trade	48,768	50,115	50,394	52,717
Percent of Total	11.0%	11.2%	11.2%	11.3%
Government	80,969	82,607	83,024	81,667
Percent of Total	18.3%	18.5%	18.4%	17.6%
Construction	28,990	28,651	29,166	30,801
Percent of Total	6.5%	6.4%	6.5%	6.6%
Wholesale trade	8,692	8,806	8,724	9,519
Percent of Total	2.0%	2.0%	1.9%	2.0%
Transportation and Utilities	10,491	10,056	10,241	10,844
Percent of Total	2.4%	2.3%	2.3%	2.3%
Manufacturing	34,862	32,423	30,969	30,318
Percent of Total	7.9%	7.3%	6.9%	6.5%
Other	12,123	11,821	10,874	11,423
Percent of Total	2.7%	2.6%	2.4%	2.5%
Total	443,295	446,652	450,084	464,821
Percent Growth	--	0.8%	0.8%	3.3%
*Finance, Insurance and Real Estate				
Source: Bureau of Economic Analysis				

From 2001 through 2004, the fastest growing sectors of the economy were finance, insurance, and real estate (FIRE), and services. Services (43.4 percent) and Government (17.6 percent) were the largest two sectors by employment.

Income

Residents' effective buying income also helps to demonstrate the amount of disposable income that is available locally, and this data is shown in Table 3-6.

Table 3-6

Effective Buying Income (EBI) 2005						
Location	Total EBI (\$000)	Median Household EBI	% of Households by EBI Group			
			Under \$20,000	\$20,000 - \$34,999	\$35,000 - \$49,999	\$50,000 +
Tucson City	\$7,681,158	\$30,334	29.3%	30.3%	18.2%	22.2%
Pima County	\$16,874,475	\$34,932	23.5%	26.7%	18.8%	31.0%
Tucson MSA	\$16,874,475	\$34,932	23.5%	26.7%	18.8%	31.0%
State of Arizona	\$107,746,336	\$39,542	20.2%	24.9%	19.3%	35.6%
United States	\$5,692,909,567	\$39,324	22.3%	23.3%	19.0%	35.4%

Source: Sales and Marketing Management

As the table shows, Pima County had a total effective buying income (EBI) of \$16 billion and a median household EBI of \$34,392 in 2005. This is lower than the State of Arizona as a whole as well as the US. The City of Tucson itself has a median household EBI of \$30,334, which is significantly lower than Pima County, the State of Arizona and the United States. Like population, income figures do not represent the full picture for Tucson. The market has a very strong second home and resort base, which swell the population and EBI substantially over the true Tucson residents' income figures.

Corporate Presence

In general, a strong corporate and business presence, further enhanced by a major metropolitan university, can be an important factor in the success of an expanded convention center because local businesses can attract residents to an area, provide disposable income to residents, and can support facilities through donations, advertising, and their requirement for event space.

Table 3-7 shows the largest employers in Tucson, by number of full-time employees.

Table 3-7

Major Employers Southern Arizona		
Name	Location	Number of Employees
University of Arizona	Tucson	12,000
US Army Intelligence	Ft. Huachuca	10,969
Raytheon Missile Systems	Tucson	10,000
State of Arizona	Phoenix	9,932
Davis Monthan Air Force Base	Tucson	9,200
Tucson Unified School District	Tucson	8,278
Pima County	Tucson	7,175
City of Tucson	Tucson	5,933
Walmart	Tucson	3,800
Phelps Dodge	Phoenix	3,783
Carondelet Health Network	Tucson	3,328
Tohono O'odham Indian Nation	Sells	2,700
University Medical Center	Tucson	2,415
Tucson Medical Center	Tucson	2,395
Pima Community College	Tucson	2,238
Amphitheater Public Schools	Tucson	2,236
Bombardier Aerospace	Tucson	2,154
Asarco, Inc.	Tucson	2,146
Sunnyside School District	Tucson	1,995
Safeway Stores	Tempe	1,960

Source: Arizona Daily Star, Johnson Consulting

The University of Arizona is the largest employer in the area with about 12,000 employees. It is followed by US Army Intelligence with slightly less than 11,000 employees. Public sector employers make up seven of the top eight employers, with Raytheon Missile Systems, with 10,000 employees, the only private sector employer in the group. Other major private employers are Wal-Mart and Phelps Dodge.

The absence of corporate headquarters and its edge location within the country hinder economic growth. The educational base, defense industry, climate, physical and spiritual beauty and cost structure make it very attractive for overall continued growth. Tucson does serve as a gateway to Nogales and its manufacturing and population infrastructure, which also strengthens the area's economy.

Higher Education

The number of college students in the area is important because it represents a target audience for education-related events, such as assemblies, graduations, and performances as well as other services offered in mixed-use and entertainment

districts. University markets are obviously rich in these resources and can have a profound impact on development performance if the quality level at the facilities meets university-related needs.

Table 3-8 displays the colleges in the Tucson metro area and their respective student enrollment.

Table 3-8

Academic Institutions within 50 miles of Tucson			
Institution	Location	Miles from Downtown	Enrollment
University of Arizona	Tucson	5	37,306
Pima Community College	Tucson	2	30,884
University of Pheonix	Tucson	5	3,394
International Institute of the Americas	Tucson	9	470
ITT Technology Insitute	Tucson	6	469
Chapparel College	Tucson	8	385
Art Center Design College	Tucson	6	321
Tucson College	Tucson	7	207
Total Enrollment			73,436
<i>Source: Individual institutions, nces.ed.gov, Johnson Consulting.</i>			

While there are not a significant number of individual universities in the market, there are about 74,000 students, which represent just under 10 percent of the population in the market. Many of these students are not included in the population figures, as they reside elsewhere and go to school in Tucson.

Tucson Hotel Inventory

The overall hotel supply consists of 4,099 rooms, located mostly in central and northern Tucson. The hotel properties are listed in Table 3-9 on the following page.

Table 3-9

Hotels within 4 miles of TCC	
	# of Rooms
Hotel Arizona	307
Holiday Inn Airport	301
Doubletree @ Reid Park	295
Marriott Tucson University Park	250
Hampton Inn	216
The River Park Inn	174
Hotel Santa Rita	162
Clarion Hotel	157
Four Points Tucson University Plaza	150
Arizona Plaza Hotel	146
Motel 6 Airport	146
Quality Inn	136
Ramada Limited	132
Days Inn Tucson Convention Center	122
Crossland Suites Tucson	117
Motel 6	111
Howard Johnson Express Inn	107
Motel 6 Tucson 22nd St	99
La Quinta Inns	98
Knights Inn	94
Rodeway Inn	92
Econo Lodge	87
Arizona Inn	86
Best Western Royal Sun Inn	79
Super 8	68
Holiday Inn Express	67
Days Inn Airport	65
Super 8	65
Econo Lodge	48
Travelodge	42
Viscount Suites	41
Super 8	39
Total	4,099
<i>Source: STR</i>	

Arts, Culture, Recreation, and Entertainment

The Tucson metro area has a wide variety of attractions that add to its appeal. The city has numerous cultural and historical offerings, as well as activities that take advantage of the area's natural beauty.

Some of the most popular tourist and resident attractions are profiled below:

- ***Arizona-Sonora Desert Museum*** – The Arizona-Sonora Desert Museum is the second most visited attraction in the state of Arizona. One of the world's finest zoos, the Museum aims to promote living in concert with the environment, and has exhibits of a variety of plants and animals in strikingly natural habitats. The museum is located about fifteen miles west of downtown Tucson, on the route to Saguaro National Park.
- ***Cactus League Baseball***- The Cactus League has been an Arizona tradition for over a half-century. It began as a two-team league in 1947 and has grown to twelve teams playing in seven cities throughout the state. The league's popularity is at an all-time high, setting an attendance record with over 1.25 million fans attending in 2005. With games scheduled every day in March, the Cactus League offers baseball enthusiasts an excellent opportunity to enjoy their favorite teams in fan-friendly, state-of-the-art ballparks.
- ***Mission San Xavier del Bac*** – The Mission San Xavier del Bac was built between 1783 and 1797 and is considered to be one of the finest examples of mission architecture in the Southwest. The Roman Catholic Church actively serves the San Xavier Indian Reservation. While the church has been extensively renovated, it was never completed, as evidenced by the bell towers, one of which does not have a dome.
- ***Old Tucson Studios*** – The Old Tucson Studios is a wild-west theme park and location for television and movie shoots. Old Tucson Studios has been the location of hundreds of Hollywood films, television series and other photo shoots. The park includes a number of rides, games, shows and other entertainment offerings. Old Tucson is one of Tucson's most popular attractions and is located near the Arizona-Sonora Desert Museum, west of downtown.

In April 1997, a fire destroyed much of Old Tucson Studios. Buildings, costumes and memorabilia were all lost in the blaze. After 20 months of reconstruction, Old Tucson re-opened its doors in January 1997. In 2003, Old Tucson reduced its hours of operation, remaining open on a limited basis. Focusing on seasonal events, Old Tucson hosts the popular Nightfall event for Halloween.

- ***Pima Air and Space Museum*** - Located just south of Davis Monthan Air Force Base, the Pima Air & Space Museum houses one of the largest collections of historic aircraft in the world. The museum offers tours of the Air Force Base's boneyard, which has thousands of planes lined on the tarmac.

- ***Sabino Canyon Recreation Area*** - Located in the Santa Catalina Mountains of Coronado National Forest on the northeastern edge of Tucson, Sabino Canyon is a desert oasis that has attracted people and animals for thousands of years. Today, it is the most spectacular corner of the desert in the Tucson area, containing not only impressive desert scenery but also hiking trails and a stream.

On July 2006, a record flood swept through Sabino Canyon, forcing most of the canyon road and a majority of the trails to be closed while the damage is being assessed. In October 2006, the tram tours began to run again through portions of the canyon, while the clean-up and reconstruction efforts continues.

- ***Saguaro National Park*** - The Saguaro National Park was initially designated as a protected area in 1933, and it holds some of the largest tracts of saguaro cacti. In addition to protecting these massive cacti, the park is home to a number of other desert species. The park consists of more than 91,000 acres and had 661,000 visitors in 2004.
- ***Tucson Museum of Art*** - The Tucson Museum of Art is located downtown and has an impressive collection of western, Spanish and Latin American Art. In addition to its collections, the museum has also preserved five historic homes on this same block, all of which are open to the public.

Recent Developments in Tucson Metro Area

Tucson is currently in the midst of a major redevelopment of its downtown, some of which has happened because of national trends, and because of City, State and U of A actions. Numerous recent and proposed developments in the Tucson area add to the attractiveness of the area, improving accessibility, destination appeal, and providing a foundation for future complementary development.

In 1999, Tucson voters endorsed and approved a proposal to revisit downtown revitalization in the master planning project called the *Rio Nuevo Multipurpose Facilities District* and established a tax increment financing mechanism (TIF) to fund downtown economic development for 10 years. TIF funds are matched dollar for dollar by the city of Tucson. The revitalization efforts are based on recognizing and interpreting Tucson's original settlement along the Santa Cruz River as well as developing new projects that will stimulate development efforts in and around downtown Tucson. The Rio Nuevo Multipurpose Facilities District master plan encompasses over 50 acres of redevelopment divided into areas of activity including an entertainment district, a civic plaza for entertainment, meetings and performing arts, a cultural plaza and park to designate the history of Tucson, as well as a nature park that would reclaim the now dry Santa Cruz River as part of a natural preserve.

Integral to the master plan is the development of civic, cultural, educational, housing and parking functions that will lead to 24-hour activity in downtown Tucson.

The Rio Nuevo TIF district has been master planned. The Master-Plan has proposed stimuli in four downtown areas: the Convention District, the Presidio, Congress Street and Origins Heritage Park. The Rio Nuevo Redevelopment Plan is a broad-based pro-active growth and development plan begun in 1982 when adopted by Tucson's Mayor and Council. *Rio Nuevo* includes approximately 240 acres. The purpose of the *Plan* is to revitalize areas which experienced stress resulting from deterioration and subsequent blight. The plan's goal is to stimulate and encourage coordinated development of various uses through a public/private partnership. Components of the development plan include the following:

- ***Civic Plaza*** - The new Civic Plaza will connect the Tucson Convention Center and the proposed new arena with open space, fountains and landscaping. The Plaza will be located on a parcel of land south of Congress Street and east of Interstate 10. A 1,500- to 2,000-space parking garage will be constructed beneath the Plaza to provide ample parking for visitors to the area's attractions and the planned convention hotel.
- ***Cultural Plaza*** - The Cultural Plaza, to be located west of the Santa Cruz River, will include the University of Arizona Science Center and Tucson Origins Heritage Park, and other museum attractions including the Arizona State Museum and Arizona Historical Society.
- ***Downtown Housing*** - Housing is a major focus of the Rio Nuevo Master-Plan. More than 1,200 new units have been or will be constructed in downtown Tucson, some of which have received international acclaim for green design. Developments include the Ice House Lofts, Paseo Estrella, Armory Park del Sol, La Entrada Luxury Apartments, The Post at Kolbe Square, Depot Plaza, Mercado District of Menlo Park, Presidio Terrace and the Academy Lofts.
- ***Historic Depot on Toole Avenue*** - The Historic Depot on Toole has been renovated to its original 1941 appearance. The Depot will see the return of historic street car service and possibilities of high speed rail service to and from Phoenix, as well as special train services through Nogales to Mexico. Professional offices occupy the second floor. The reconstruction of the Depot and its outbuildings cost about \$2.8 million and has been funded in part by a grant from the Federal Transit Administration.
- ***Proposed New Arena*** - The Rio Nuevo Master-Plan has proposed that a 12,500-seat arena be constructed in the convention district, east of route 10. The current

arena was built in 1971 with the new arena expected to cost approximately \$130 million to construct.

- ***University of Arizona Science Center*** – One of the earliest Rio Nuevo concepts, the University of Arizona Science Center is being relocated from the university's campus to downtown Tucson. It will be located West of Interstate 10 and just West of the Santa Cruz. This will enable even greater access to an area institution which has served more than a million area youth. The University of Arizona Science Center will include fourteen major components.
- ***Warehouse Arts District*** – The Warehouse Arts District is to be transformed into a vibrant section of the city, filled with galleries, artists, community groups and other uses. It will be a diverse, mixed-use area, incorporating housing, retail and office space, while promoting the arts and the impact that they have on Tucson's economy. This district is located to the north of the Central Business District.

Market Area Conclusion

The Tucson market has shown strong growth in recent decades, especially as a destination for tourism. Its natural beauty, combined with its cultural and entertainment offerings, make Tucson a highly desirable destination for travel and permanent relocation. The developments associated with Tucson's new Master-Plan will raise the profile of Tucson as a city and should stimulate the appeal of the city. While Tucson is already highly successful, its downtown has, historically, lacked amenities but the historic area is experiencing solid investment. If the TCC, arena, new hotel rooms and the Science Center and other cultural developments occur, the area should experience collateral development so further development of hotels, residences and other commercial uses should occur.

The local infrastructure already exists to support any demands placed upon it by the new development and will in fact help to sharpen the services and amenities the city has to offer to its residents and tourist visitors. Rejuvenation of the district surrounding the Convention Center will greatly increase the appeal of the area and attract not only local residents to the area but will generate further tourism dollars. Additionally, the large numbers of students in the area will also help promote the success of the redevelopment plan. With close to 75,000 students in the overall Tucson area, the Rio Nuevo entertainment district will be a natural place for students to spend their evenings out and other free time going to events in the arena and the surrounding facilities.

The housing being developed in the Rio Nuevo district is also critical, since it will generate new tax revenues, help to give the area a lived in feel, and unify the downtown area. The housing in conjunction with the planned green spaces will

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help to advertise the new appeal of the area and make it a demand destination. Also, the shops and other commercial entities that will develop as a result of the new residents and increased tourism to the area will help to sustain further development.

IV. CONVENTION AND MEETINGS INDUSTRY OVERVIEW

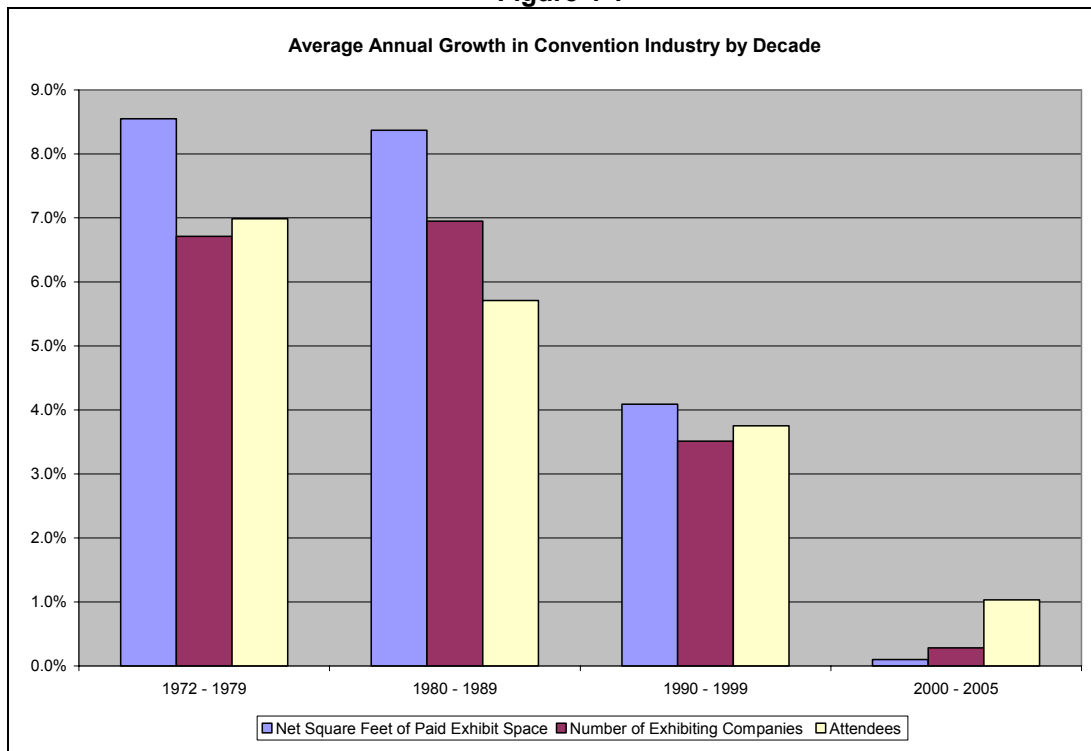
CONVENTION AND MEETINGS INDUSTRY OVERVIEW

In order to provide an understanding of market growth and the factors that are shaping the future of the meeting and event industries, this section provides a current overview of trends and developments that are impacting meeting and convention facilities. This data should be reviewed in context with the potential renovation and expansion of the Tucson Convention Center (TCC).

Conventions, exhibitions, and trade shows are conducted for the purposes of exchanging information, conducting business transactions, and for educational, cultural, and social enrichment. The increasing need to carry out these purposes is driving the growth of the meetings industry. As developments occur in the larger economy, simultaneous developments occur in the meetings market.

Figure 4-1 shows the growth in the number of events, net square feet used, exhibiting companies, and attendees by decade, from 1972 through 2005.

Figure 4-1

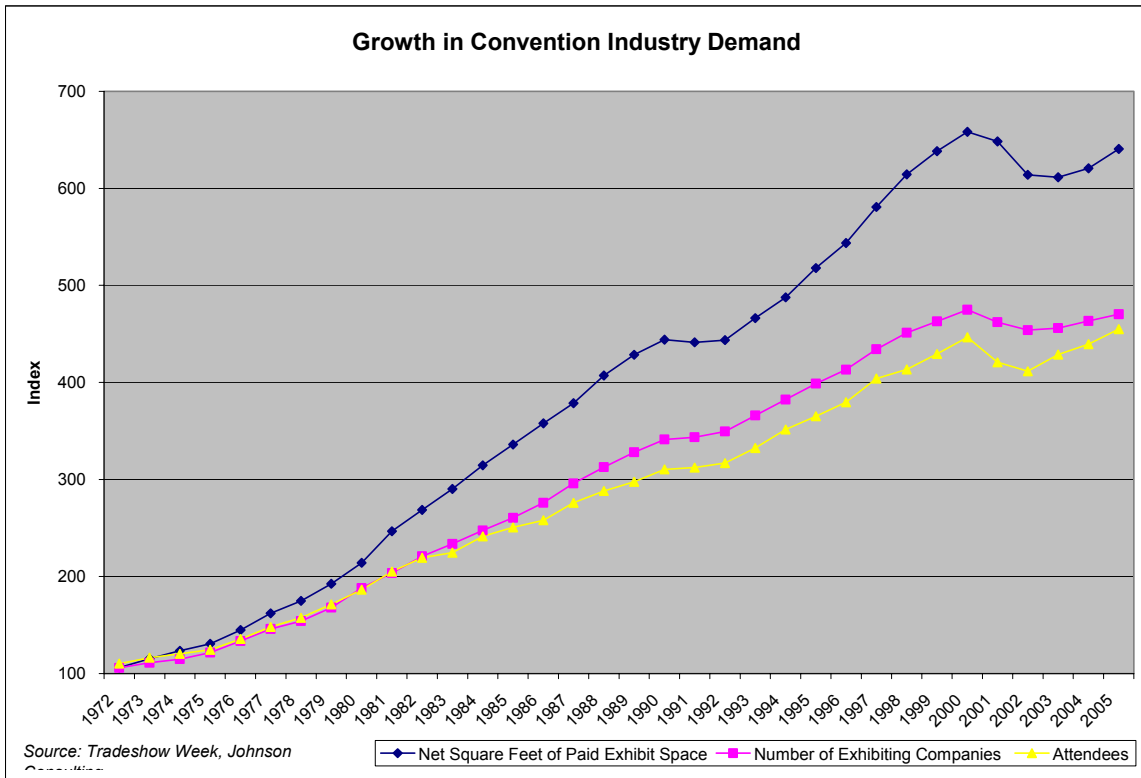


As the figure shows, annual average demand increased at significant levels through the 1970s and 1980s. The first Gulf War and short recession tempered growth at the beginning of the 1990s, but the decade still showed strong year-over-year growth of

nearly four percent in every category. With the triple-hit of the dot-com bust, economic recession in the U.S. and abroad, and the travel depression following September 11, the industry showed its first serious negative change in demand.

As Figure 4-2 shows, while the impact on demand was real, there appears to be a return to growth, with a noticeable rebound in attendee traffic.

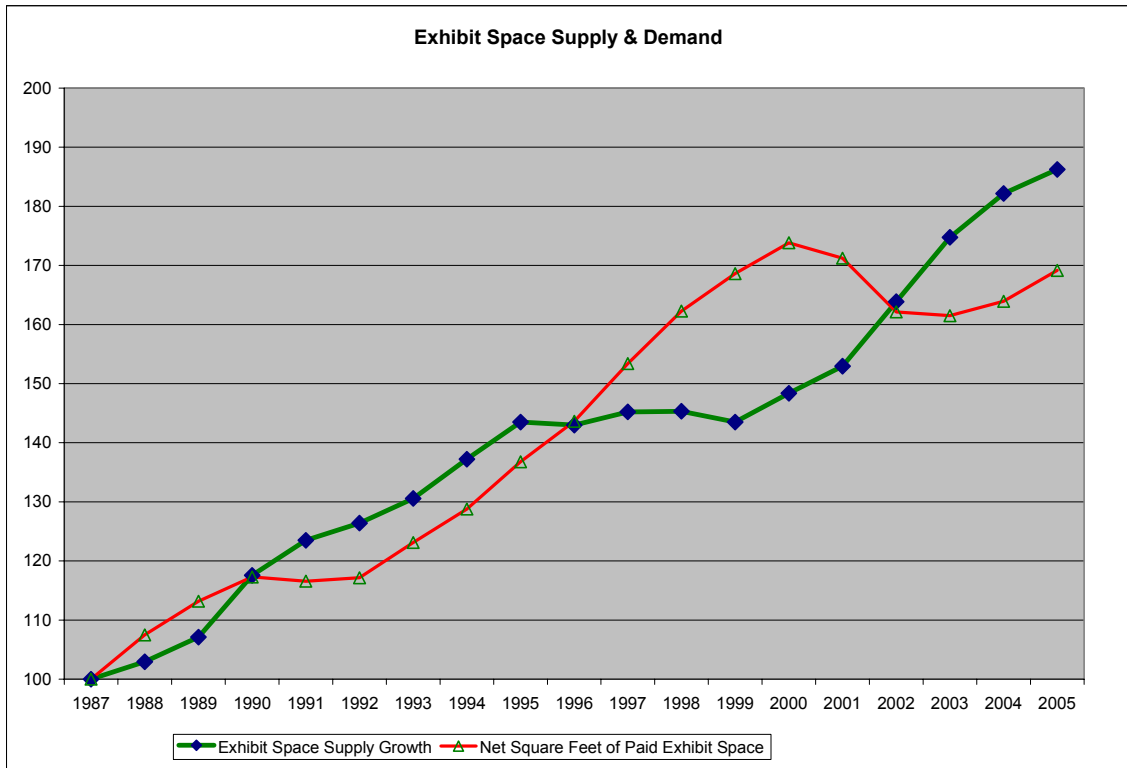
Figure 4-2



As shown, long-term demand trends show a greater need for space with fewer companies and attendees. This has been a trend since the 1970's as companies continue to merge (limiting growth in the number of companies in any given industry) and there is continuing pressure on doing more with fewer employees. Where an entire sales force might have been dispatched to several conventions in decades past, now it is expected that a handful of people will represent a company at a convention or tradeshow. Yet these trends have not stopped growth in attendance.

Figure 4-3 shows the comparison of supply and demand growth by a three-year period, beginning in 1987.

Figure 4-3



The figure shows a very compelling and rational picture of supply growth in response to demand growth. From 1987 to 1989, demand outpaced supply. By the time supply caught up, a recession was on and it took until 1996 for demand growth to catch up to supply. What is stunning is the rate of growth in demand from 1993 through 2000, with an average increase of 5.1 percent. Supply stagnated during much of this period. By the mid-1990s, cities released the economic impact potential that was not being adequately captured. New facilities and expansions began opening with force in 2000 – just as a recession was about to begin. With the time horizon for developing facilities long, the increase in supply continued unabated through 2005, as long-held plans were finally brought to fruition.

Demand for meeting and exhibition space allowed many communities in the U.S. to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they accommodate in their communities.

Table 4-1 summarizes the ownership and management structure of U.S.-based exhibit halls.

Table 4-1

Ownership and Management of US Exhibit Halls		
Type of Entity	Ownership	Management
Private	36%	58%
City	34%	22%
County	10%	5%
State	8%	5%
Combination Government	5%	2%
Non-Profit Organization	0%	0%
Other	5%	8%

Source: Tradeshow Week - Major Exhibit Hall Directory, Johnson Consulting

As the table shows, approximately one-third of US exhibition halls are privately owned, but almost 60 percent are operated by a private-management company. Public ownership of exhibit hall facilities often occurs because they usually do not generate profits to an owner, but the public sector will take ownership as a service in order to capture the related economic benefits within its jurisdiction. Private management is common because, unlike governments, these companies have professional expertise in managing and operating facilities, and often have longstanding relationships with vendors, suppliers, and other industry organizations. In addition, a private-management company's experience and efficiency can help insulate a facility's operations from political issues and can help to reduce annual deficits as much as possible.

PricewaterhouseCoopers (PwC) has conducted an annual survey for the past 20 years of event characteristics at convention centers throughout the U.S. The survey may not be representative of the entire industry as an indeterminate number of convention centers responded to the survey. However, results of the survey are presented by size of facility and are useful in outlining differences in trends between small, mid-sized, and large convention facilities. In terms of PwC survey responses, small convention centers are defined as having less than 100,000 square feet of exhibit space, mid-sized 100,000 to 500,000 square feet of exhibit space, and large as having greater than 500,000 square feet of exhibit space.

Table 4-2 presents the percentage of survey respondents by type of management utilized by their convention facility.

Table 4-2

Size	Convention Center Management Type				Total
	Private Company	Quasi-Public Conv. Center Auth.	Dept. of Municipal Government	Other	
Less than 100,000 square feet	24%	28%	36%	12%	100%
100,000 to 500,000 square feet	38%	11%	35%	16%	100%
More than 500,000 square feet	29%	36%	36%	0%	100%

Source: PricewaterhouseCoopers

In terms of survey respondents, small convention centers are more likely to be managed as a department of a municipal government (36 percent). Quasi-public authorities and private companies manage 24 percent and 25 percent, respectively. Mid-sized convention center respondents were primarily managed by private companies at 38 percent, with management through a department of municipal government representing 35 percent. Large convention facility respondents were equally divided at 36 percent each between a department of a municipal government and a quasi-public authority, with the remaining, at 29 percent, being managed by private companies.

Exhibit hall occupancy can be difficult to measure as it is impossible to have 100 percent occupancy due to days required for set-up and tear-down. As defined by PwC, a maximum occupancy rate for an exhibit hall would be approximately 70 percent; however, 50 percent to 60 percent occupancy is considered to be practical maximum occupancy. Rates below 50 percent would indicate the potential for increased marketing of the facility, with occupancy of over 60 percent possibly indicating an increased number of lost business due to insufficient available dates.

Table 4-3 presents the occupancy rates, by exhibit hall size for respondents to the PwC survey.

Table 4-3

Size	Exhibit Hall and Ballroom Occupancy Rates			
	Convention/ Tradeshows	Consumer Shows	Total Ex. Hall Occupancy	Ballroom
Less than 100,000 SF	19.0%	16.7%	35.7%	40.3%
100,000 to 500,000 SF	27.1%	18.3%	45.4%	40.4%
More than 500,000 SF	44.5%	8.5%	53.0%	52.1%

Source: PwC

Based on the PwC benchmarks, large size convention center respondents are within the range determined to be close to maximum occupancy. Small to mid-sized convention centers fared better in terms of occupancy rates for consumer shows at approximately 16.7 percent versus 8.5 percent for large convention centers. More

economic impact occurs with non-consumer shows, but consumer shows pay more rent and gate. Interestingly, ballroom occupancy rates for small and mid-sized convention centers were considerably higher, approximately five to ten percent than that of their exhibit halls. Ballroom occupancy for large convention centers is fairly close to total exhibit hall occupancy at 52 percent versus 53 percent.

Table 4-4 presents total attendance for convention/trade shows and consumer shows.

Table 4-4

Exhibit Hall Attendance			
Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	53,000	82,000	135,000
100,000 to 500,000 square feet	173,000	286,000	459,000
More than 500,000 square feet	645,000	383,000	1,028,000

Source: PricewaterhouseCoopers

As shown by the table, small and mid-size convention centers generate a higher portion of their total attendance from consumer shows versus convention and trade shows. Conversely, the majority of attendance for large convention centers is generated from conventions and trade shows. In terms of attendance, small and mid-sized convention centers have been more successful and generated higher demand from their consumer show events.

Table 4-5 displays the number of convention/trade show and consumer show events hosted by survey respondents.

Table 4-5

Exhibit Hall Number of Events			
Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	33	23	56
100,000 to 500,000 square feet	43	26	69
More than 500,000 square feet	49	21	70

Source: PricewaterhouseCoopers

All three convention center size respondents receive the majority of their demand from conventions and trade shows. Large convention centers have a higher percentage of convention and trade shows as a percent of their total exhibit hall

business at approximately 70 percent versus approximately 62 percent and 60 percent for mid-size and small convention centers, respectively. When compared with Table 4-4, small and mid-size convention centers draw larger crowds for consumer shows even with a fewer number of events than conventions and trade shows. This relationship is further shown in Table 4-6

Table 4-6

Exhibit Hall Events - Average Attendance		
Size	Conventions / Trade Shows	Consumer Shows
Less than 100,000 square feet	1,606	3,565
100,000 to 500,000 square feet	4,023	11,000
More than 500,000 square feet	13,163	18,238
<i>Source: PricewaterhouseCoopers</i>		

As described previously, small and mid-size convention centers host more convention and trade show events, but receive more total attendees from consumer shows, as is more clearly evidenced by average attendance for type of event as displayed in the table. Both small and mid-size convention centers have almost three times as higher average attendance for consumer show events than convention and trade show events. Although large convention centers have both a greater number of attendees and number of events of the convention and trade show type, the average attendance for consumer type show events is also higher as with small to mid-size convention centers. Average attendance for large convention centers for consumer shows was approximately 18,000 versus approximately 13,000 for conventions and trade shows.

In addition to convention, trade show, and consumer show events within their exhibit halls, convention centers also host a variety of other events at ballrooms and meeting rooms located on site.

Table 4-7 shows the average event count and attendance for survey respondents by facility size.

Table 4-7

Convention Centers - All Event Characteristics		
Size	Average Event Count	Average Total Attendance
Less than 100,000 square feet	364	282,000
100,000 to 500,000 square feet	309	714,000
More than 500,000 square feet	170	1,178,000
<i>Source: PricewaterhouseCoopers</i>		

Unsurprisingly, convention centers with large square footage capacities tend to host events with a higher number of attendees, even though fewer overall events are hosted.

Table 4-8 shows the average number of room nights generated annually by respondents to the convention center survey.

Table 4-8

Convention Centers - Hotel Room Nights	
Size	Average Number of Nights
Less than 100,000 square feet	36,000
100,000 to 500,000 square feet	166,000
More than 500,000 square feet	947,000
<i>Source: PricewaterhouseCoopers</i>	

Again, larger convention centers host shows which not only attract higher attended events, but also events with a higher portion of attendees from outside areas requiring overnight accommodations.

Types of Meetings and Facility Needs

The meeting industry includes a variety of meeting types, ranging from large trade and exhibition events to corporate meetings and conferences. As one can imagine, there are countless meetings occurring nationally and Tucson must identify its potential niche or niches and then develop a competitive product with which to compete. The proposed convention center has successfully done this in the past, focusing on local and regional meetings. However, there appears to be a much more significant demand for higher-rated events. Each type of event has unique facility

needs, with some requiring large amounts of contiguous space and others requiring many smaller meeting rooms.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities, and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces that are appropriate for their market. In addition, they offer the flexibility to host multiple events at one time. Table 4-9 summarizes the key attributes of various types of meetings, including facility requirements, as well as the Tucson area's current capacity to host these types of events.

Table 4-9

Meeting Types and Related Facility Requirements					
Meeting Type	Attendance Range	Primary Purpose	Major Facility Requirement	Typical Facility Used	Tucson's Current Capacity to Host
Corporate & Other Meetings	Less than 100	Training and information exchange	Meeting space (minimal)	Hotels/Conference Centers	Strong
Conferences	50 to 2,000	Information exchange	Meeting space and banquet space	Hotels/Conference Centers and Convention Centers	Strong
Conventions	300 to 15,000	Information exchange	Meeting space and banquet space	Hotels/Conference Centers and Convention Centers	Poor
Conventions with Exhibits	2,000 to 20,000	Information exchange and sales	Exhibition, breakout meeting space, and banquet space	Convention Centers	Poor
Trade Shows	1,000 to 50,000	Sales	Exhibition and breakout meeting space for some events	Convention Centers, Trademarts, Fairgrounds	Average
Consumer Shows	10,000 to 1,000,000	Advertising and sales	Exhibition Space	Convention Centers, Trademarts, Fairgrounds	Average
Combination Shows*	10,000 to 150,000	Advertising and sales	Exhibition Space	Convention Centers, Trademarts, Fairgrounds	Average
Assemblies	5,000 to 50,000	Information exchange	Stage, seating, breakout meeting rooms	Convention Centers, Arenas, Stadiums, Fairgrounds	Average
Community, Entertainment, and Social	500 to 10,000	Social and Entertainment	Banquet or multi-purpose space	Convention Centers, and Multipurpose Facilities	Poor

*A tradeshow with private access is followed by a consumer show with public access.
Source: Johnson Consulting

The various types of meeting events are described below:

Corporate and Other Meetings – Corporate meetings include training seminars, professional and technical conferences, incentive trips, and management meetings. Attendance generally ranges from 10 to 100, with an average of fewer than 50. These meetings are held in city-center hotels, specially-designed conference centers, and resort hotels. Corporate meeting planners and attendees demand high-quality

facilities. The existing facilities can accommodate most of these types of meetings; however, there are catering challenges for some users. With a higher-quality and expanded program of spaces, higher-rated and larger corporate meetings can be accommodated.

Conferences – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences, which attract an average of 300 attendees. These events do not usually require exhibit space, but otherwise their facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities, and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

Conventions and Trade Shows – Associations, professional groups, and other membership organizations hold conventions and trade shows, with attendance ranging from 300 to 50,000 attendees. The larger of these meetings take place in convention centers with exhibit halls of 100,000, but as a Center for Exhibition Industry Research (CEIR) survey indicates, the vast majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but they usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space for general sessions and displays, banquet facilities, and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

Conventions are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city, and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany 40 percent of attendees.

Like conventions, trade shows offer a forum for exchanging industry ideas. They vary slightly from conventions in that they are more product and sales oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, open-space facilities in which they construct temporary custom booths for product display. Trade shows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees. Meeting programming is increasing as trade shows attempt to educate buyers about products.

Tucson's only current capacity to accommodate large conventions or tradeshow is through the Convention Center. Based on latent demand and accommodated needs, larger- and higher-quality facilities with additional meeting rooms will enhance the Convention Center's ability to compete for such shows and create the most significant economic impact of any event type. In addition, an attached, corresponding full-service hotel would help to further maximize its performance.

The existing full-service hotels cannot accommodate some of the larger groups interested in the Convention Center, and therefore a headquarter hotel is vital to the success of the Convention Center.

Consumer Shows - Consumer shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds, and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities, and the number of competitive shows in the market.

The Convention Center has sufficient capacity to host small- to mid-sized consumer shows with its existing facilities; however. Consumer shows do not have a significant economic draw from outside the home-county; however, they can if the home county is the destination of choice for a larger geographic area, as could be the case in Tucson. Also, consumer shows help support the financial viability of a convention center by paying rent and generating per-attendee admission fees for the facility.

Assemblies - Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They attract larger numbers of people and require arena or stadium seating. Similar to conventions, attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space. Using the existing arena, the ability of Tucson to host such events is limited; however, an outdoor venue such as an amphitheatre would be able to accommodate some of these events, but would be limited by the weather and also during the summer months by the temperature.

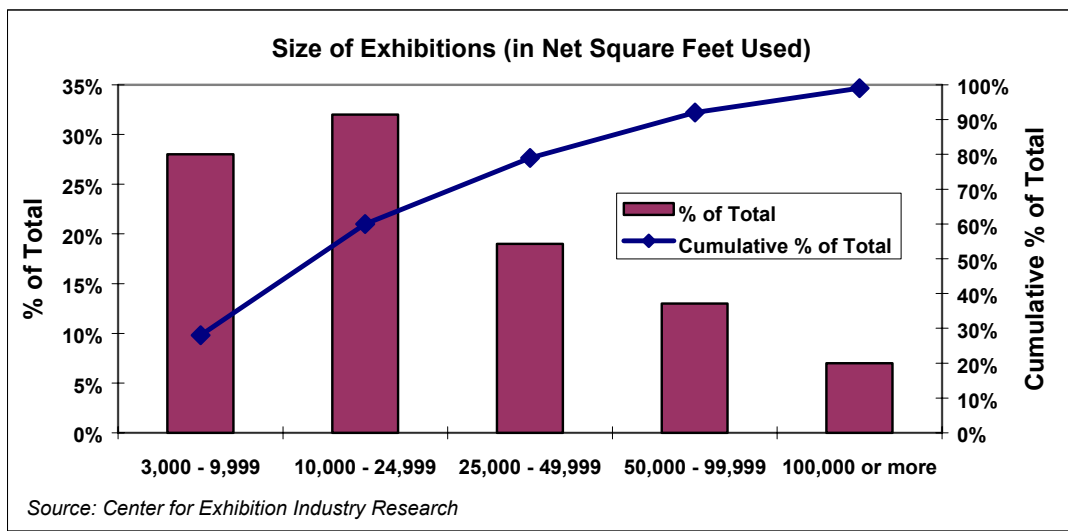
Community, Social, and Entertainment Events - Entertainment events are ticketed events that are typically held in arenas by outside promoters. This includes many types of events, including sporting events, touring concerts, and family shows. Community and social events are similar, and include gatherings such as graduations. Most attendees are local residents, and attendance is limited to the fixed seating area of the arena, including floor seats for concerts. Entertainment events require concessions with numerous points of sale throughout a facility. Entertainment events could possibly utilize a portion of the facility dependent upon the types of events held at the potential new arena.

Size of Events

The majority of convention and trade show events are held in facilities with moderate space capacity. While there are a number of events that require more than 100,000 net square feet of exhibit space, a majority of events are held in facilities with 10,000 to 49,999 net square feet of space. (Gross square footage is considered to be the total amount of space within a room or facility, as measured from wall to wall, while the net square footage measures the amount of space that is actually used by exhibits, booths, and other items, not including aisles and other areas. Net square footage is generally 50 percent of gross square footage.)

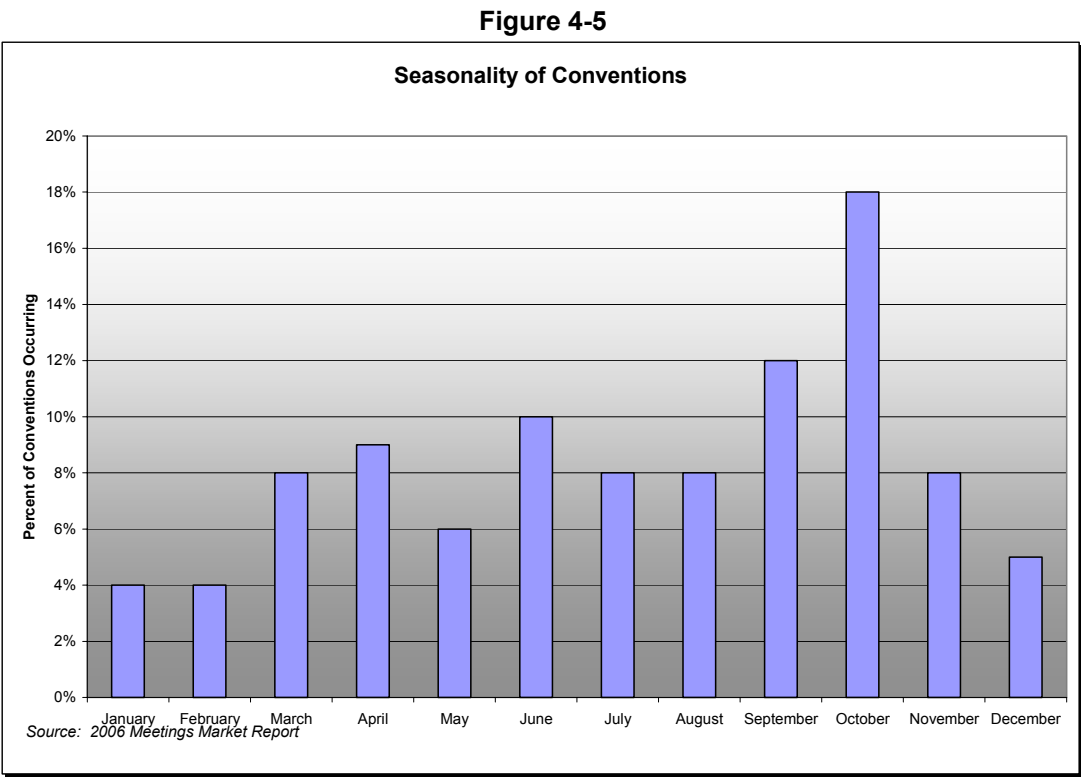
Figure 4-4 shows the distribution of event size for events of 3,000 net square feet or more and ten or more exhibitors. The figure also graphs the cumulative share of the events market that is included within each segment and all smaller segments. By definition, this does not consider the entire events market, as meetings without exhibitions, for example, are not included in this sample. With 130,000 square feet of exhibit space and over 74,000 of ballroom and meeting room space, the expanded Convention Center will be able to more effectively compete with other facilities in its competitive set.

Figure 4-4



As the table shows, approximately 80 percent of the exhibition market (which is represented in the first three bars from the left of the table) can be accommodated with less than 50,000 net (100,000 gross) square feet of exhibit space. TCC's target market will be 10,000 to 49,999 net square feet of exhibit space and the proposed design of the facility is being arranged so the center can accommodate two smaller events simultaneously, or one larger event.

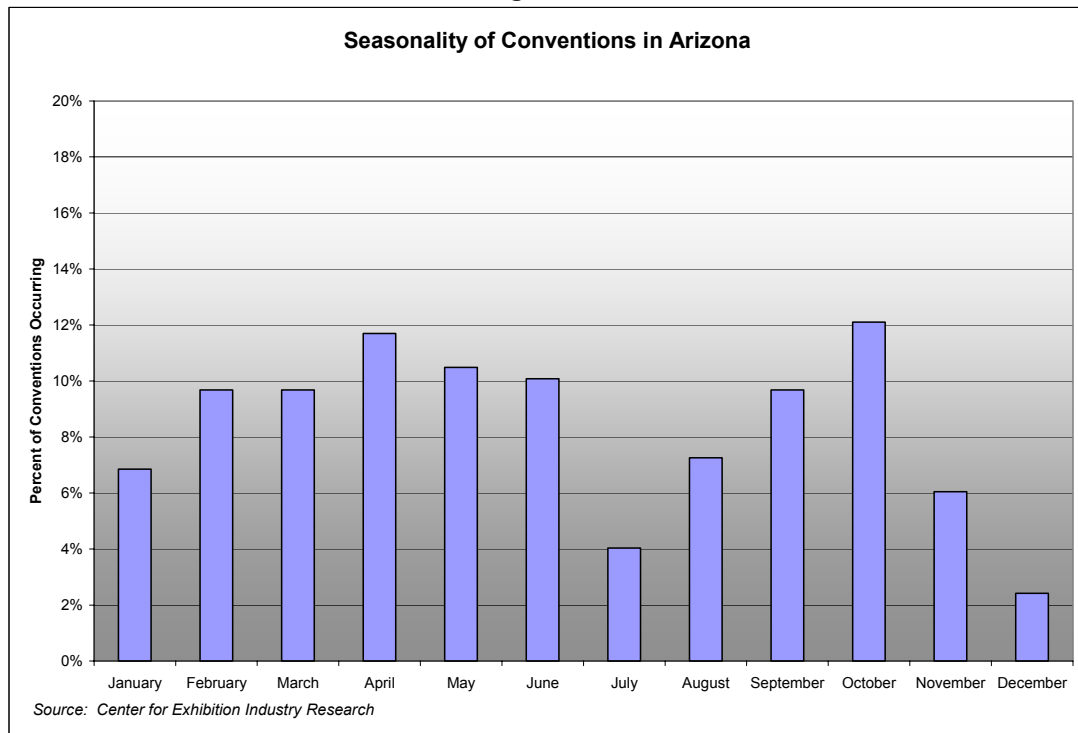
Figure 4-5 shows the seasonality of the convention calendar across the U.S.



The heaviest month for conventions in the U.S. is October, with June, September and November also sharing a percentage of convention demand.

Table 4-7 shows the seasonality of conventions in Arizona.

Figure 4-6



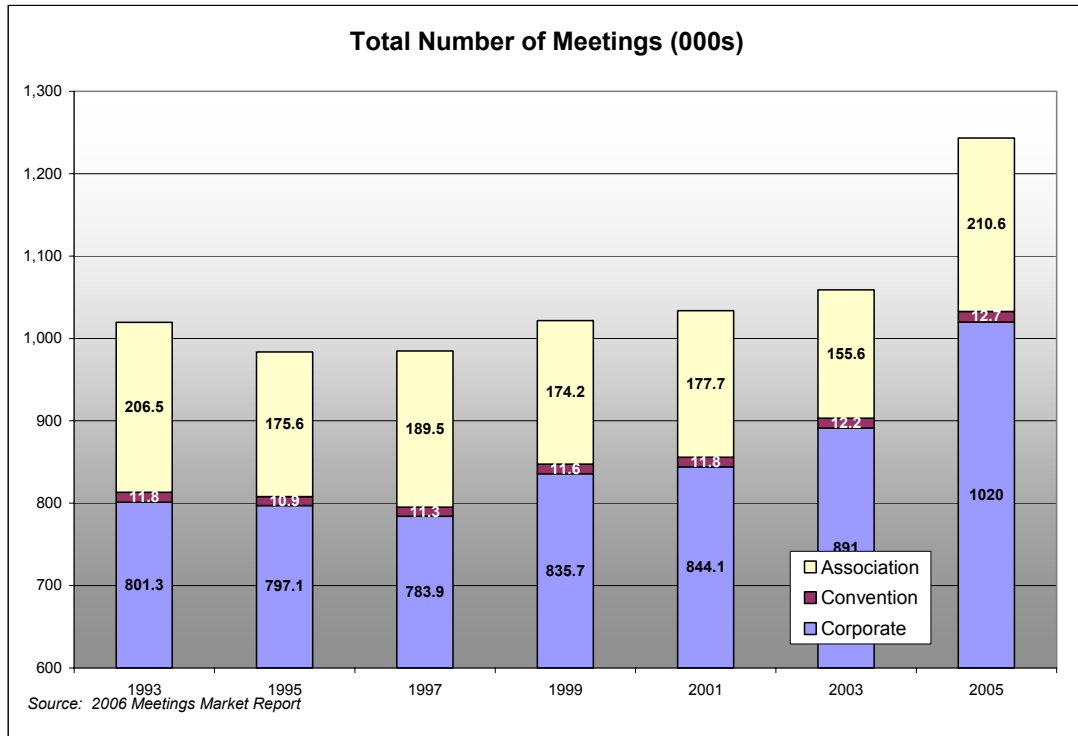
As can be seen, Tucson has an opportunity to leverage its climate to continued advantage, as its warm weather is attractive during the colder months across the rest of the US.

Meetings Industry Data

Convention and Meetings Magazine issued a 2006 Meetings Market Report that provided data on the meetings and conventions industry, as well as the opinions of meeting planners.

Figure 4-7 shows the total number of meetings over the 1993 through 2005 period, by category.

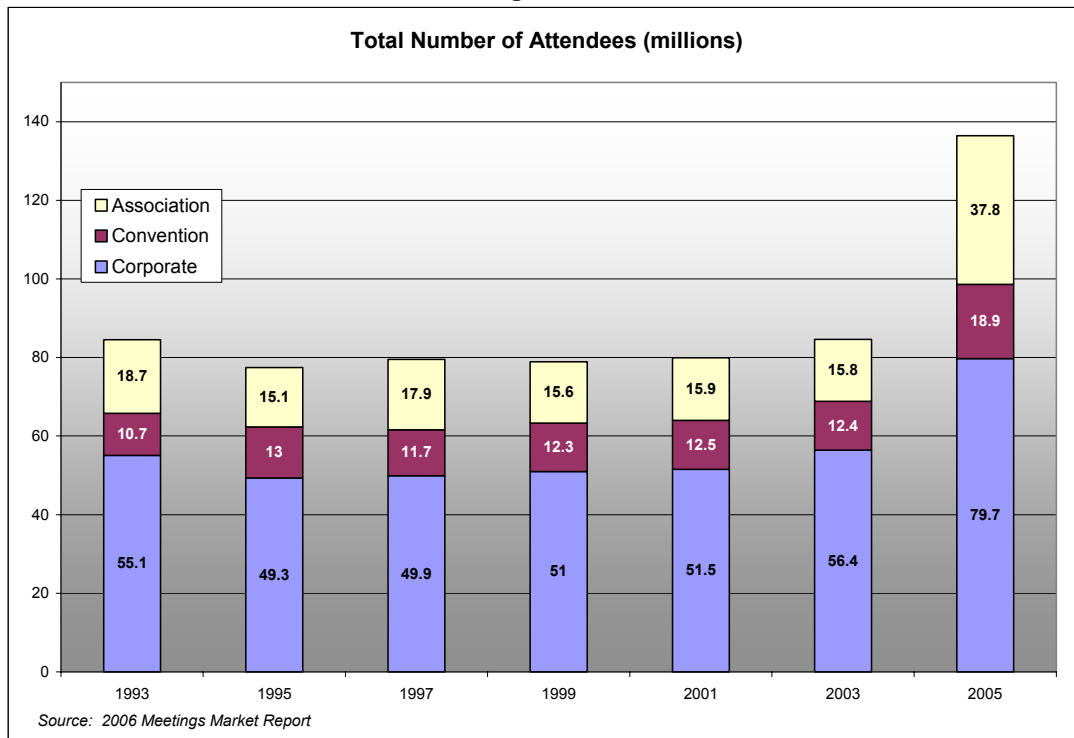
Figure 4-7



The majority of meetings were corporate meetings, followed by association meetings. Conventions represented a small portion of total meetings.

Figure 4-8 shows the total number of attendees per category of meetings.

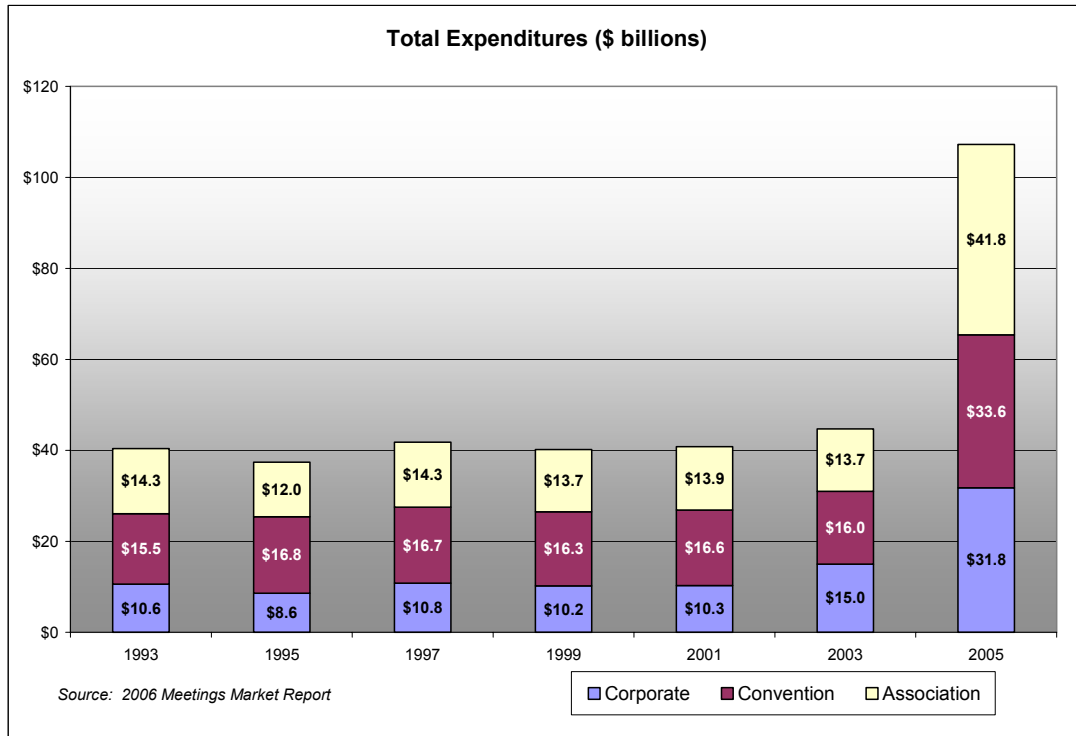
Figure 4-8



Corporate meetings had the most attendees by far, followed by association attendance and convention attendance. Total attendance was approximately 80 million for all categories throughout the period, except for 2005, when attendance spiked to nearly 135 million.

Figure 4-9 shows total expenditures on meetings during the periods.

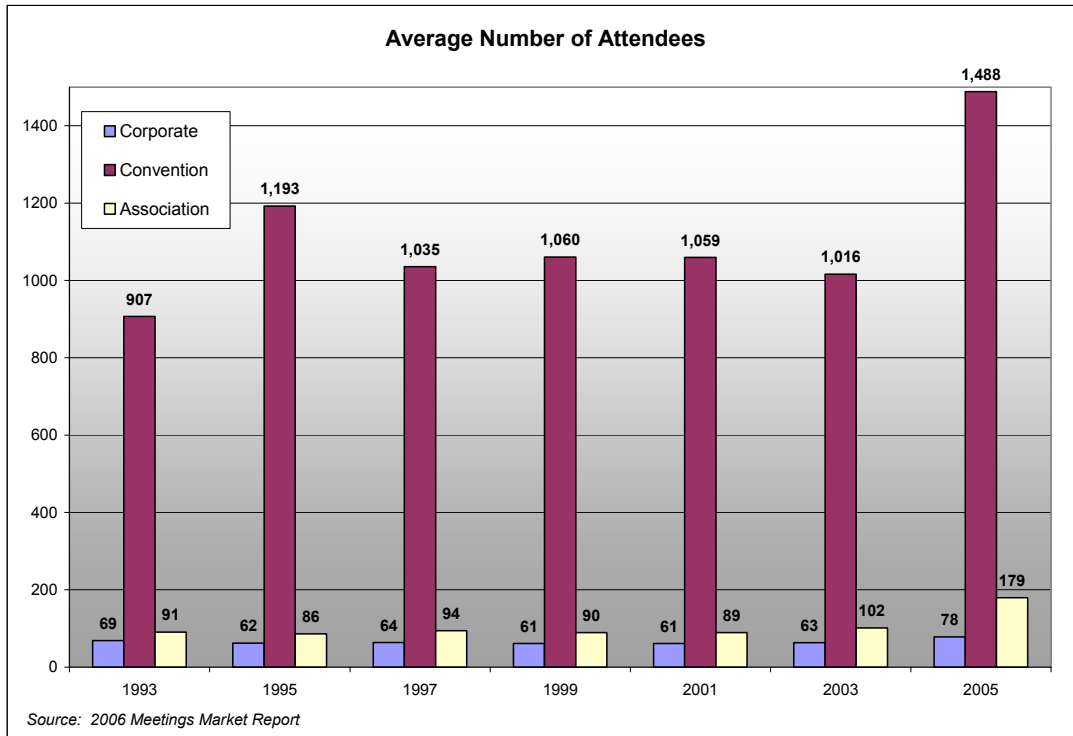
Figure 4-9



Total expenditures on meetings were estimated to have increased from approximately \$40 billion to \$106 billion over the period. In 2005, conventions and associations spent the most, at \$33.6 billion and \$41.8 billion, respectively. In the last two years the market has seen increases in upwards of 50 percent a year.

Figure 4-10 shows the average number of attendees at each type of meeting.

Figure 4-10



The average number of attendees is highest at conventions, with an average of just over 1,000. This has varied over the years, but in the last two years attendance has soared. Association meetings are the next largest in terms of average attendance with approximately 90 attendees per meeting. Corporate meetings are about one-third smaller at 60 attendees per event. Both association and corporate meetings are the day-to-day bread and butter business of many hotels and even convention centers.

Figure 4-11 shows the estimated breakdown of association and corporate meetings by type.

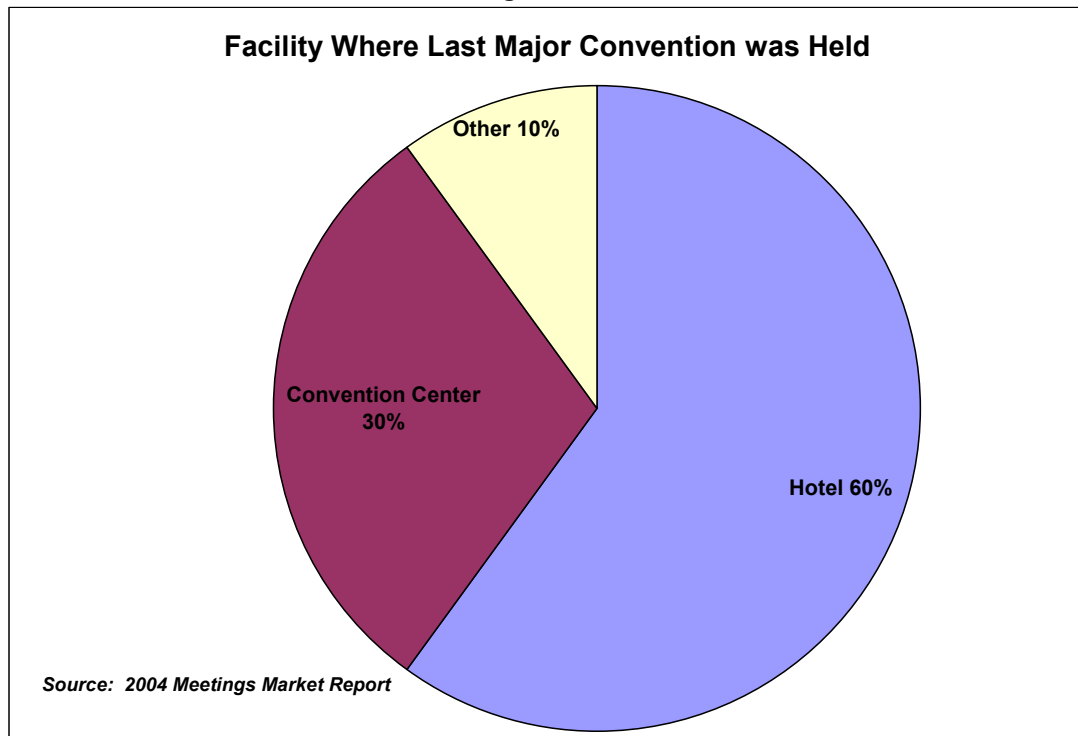
Figure 4-11

Estimated Meetings Market Breakdown					
Type	Number	Events % of Total	Avg. Attendance	Attendance	Attendance % of Total
Corporate Meetings					
Training and Education Seminars	418,300	41%	93	31,100,000	39%
Sales and Marketing Meetings	224,500	22%	96	17,500,000	22%
Management Meetings	142,800	14%	44	4,800,000	6%
Professional & Technical Meetings	91,800	9%	97	7,200,000	9%
New Product Introductions	40,800	4%	97	3,200,000	4%
Group Incentive Meetings	40,800	4%	113	3,200,000	4%
Stockholder Meetings	10,200	1%	93	800,000	1%
Other Meetings	51,000	5%	210	11,900,000	15%
Total	1,020,200	100%	105	79,700,000	100%
Association Meetings					
Training and Education Seminars	54,300	26%	122	6,642,000	18%
Board Meetings	62,800	30%	30	1,853,000	5%
Professional & Technical Meetings	35,800	17%	465	11,028,000	29%
Regional/Local Chapter Meetings	26,500	13%	374	4,177,000	11%
Other Off-Premises Meetings	31,200	15%	935	14,147,000	37%
Total	210,600	100%	493	37,847,000	100%
<i>Source: 2006 Meetings Market Report</i>					

Of the 1,020,200 corporate meetings, 41 percent were training and education seminars, 22 percent were sales and marketing meetings, and 14 percent were management meetings. The largest single type of corporate meeting (by average attendance) was other meetings, with 210 attendees. The smallest type was individual incentive with 93. Association events were comprised of training and education seminars (26 percent), with an average of 122 attendees, followed by board meetings, with an average of 30 attendees. Overall, the 2006 Meetings Market Report shows over one million corporate and association meetings.

Figure 4-12 shows the facility type where an association's annual meeting and/or convention was held.

Figure 4-12



While convention centers hold 30 percent of conventions, hotels actually host approximately twice as many, with 60 percent. Resorts and other facilities host a total of 10 percent of annual meetings and/or conventions. This again shows the relative importance of hotels.

Table 4-10 shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

Table 4-10

Types of Facilities Used	
Downtown Hotels	23.5%
Resort Hotels (excluding golf resorts)	20.1%
Suburban Hotels	19.3%
Suites Hotels	9.9%
Convention Centers	7.9%
Airport Hotels	7.9%
Golf Resorts	3.8%
Residential Conference Centers	2.9%
Nonresidential Conference Centers	2.4%
Gaming Facilities	1.6%
Cruise Ships	0.7%
<i>Source: 2006 Meetings Market Report</i>	

Downtown hotels were used by over 23 percent of corporate meetings, a persuasive figure for the enduring appeal of these types of facilities. Resort and suburban hotels and convention centers were used by over half of all meetings. There are no statistics yet for those that use both or would use both downtown hotels and convention centers.

Table 4-11 shows the important factors when choosing a meeting destination/city.

Table 4-11

Important Factors when Selecting a Destination			
	Convention	Association Meeting	Corporate Meeting
Availability of hotels and/or other facilities suitable for meetings	83%	79%	74%
Affordability of Destination	77%	81%	77%
Safety and Security of Destination	46%	na	na
Ease of Transporting Attendees to/from Location	43%	na	62%
Transportation Costs	43%	na	na
<i>Source: 2004 Meetings Market Report</i>			

Between convention, association, and corporate meeting planners, there was little differentiation in the factors driving their decision. The top criterion for convention

planners was the availability of hotels and/or other facilities suitable for meetings. It was the second-most important item for both association and corporate planners. For downtown Tucson, this would underscore why it has had trouble drawing more groups: lack of suitable hotels and/or other facilities with meeting space. Affordability was the most important factor for convention planners and the second most important for association and corporate planners, although based on our experience, convenience is key for state association planners.

Once a destination is selected, planners must then choose a hotel. Table 4-12 shows the important factors for selecting hotels within the destination.

Table 4-12

Important Factors when Selecting a Hotel within a Location			
Item	Convention	Association	Corporate
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage and Room Rates	87%	80%	79%
Cost of Hotel or Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service	70%	63%	70%
<i>Source: 2006 Meetings Market Report</i>			

The most important factor for convention and corporate planners when selecting a hotel is the number, size and quality of meeting rooms. This speaks to the power of full-service properties versus limited-service, or rooms-only hotels. This criterion is second most important for association planners. Association and corporate planners share number, size and quality of meeting rooms and affordability of the facility as their two most important factors, which highlights the balance that must be struck between quality and affordability. Cost of the meeting facility is an important criterion for convention planners as well. Note that while the number, size and quality of sleeping rooms is very important for convention planners, it is considerably less important for association and corporate planners, showing convention planners are more concerned with the availability of quality versus affordable hotels. In Tucson's case, the lack of quality and number of hotel rooms combined with the lack of meeting space at the center are the primary issues holding back conventions and hotel activity. The proposed project should mitigate the problem to a great extent.

In considering the proposed expansion/renovation of the Tucson Convention Center, this hotel project becomes even more important. As hotel availability, location and quality is the most important factor for meeting planners in choosing a facility, this project would enable an improved Tucson Convention Center to more favorably compete with other facilities. Without improvement and expansion in the

downtown hotel stock and quality, specifically in the immediate vicinity of the convention center, it will be a challenge for the Tucson Convention Center to book its improved facilities.

Table 4-13 shows the breakdown of hotel rates paid by groups.

Table 4-13

Average Room Rates Paid	
\$0 to \$70	4%
\$71 to \$90	5%
\$91 to \$100	8%
\$101 to \$120	7%
\$121 to \$140	13%
\$141 to \$150	15%
\$151 or more	48%
Average Daily Room Rate	\$161
<i>Source: 2006 Meetings Market Report</i>	

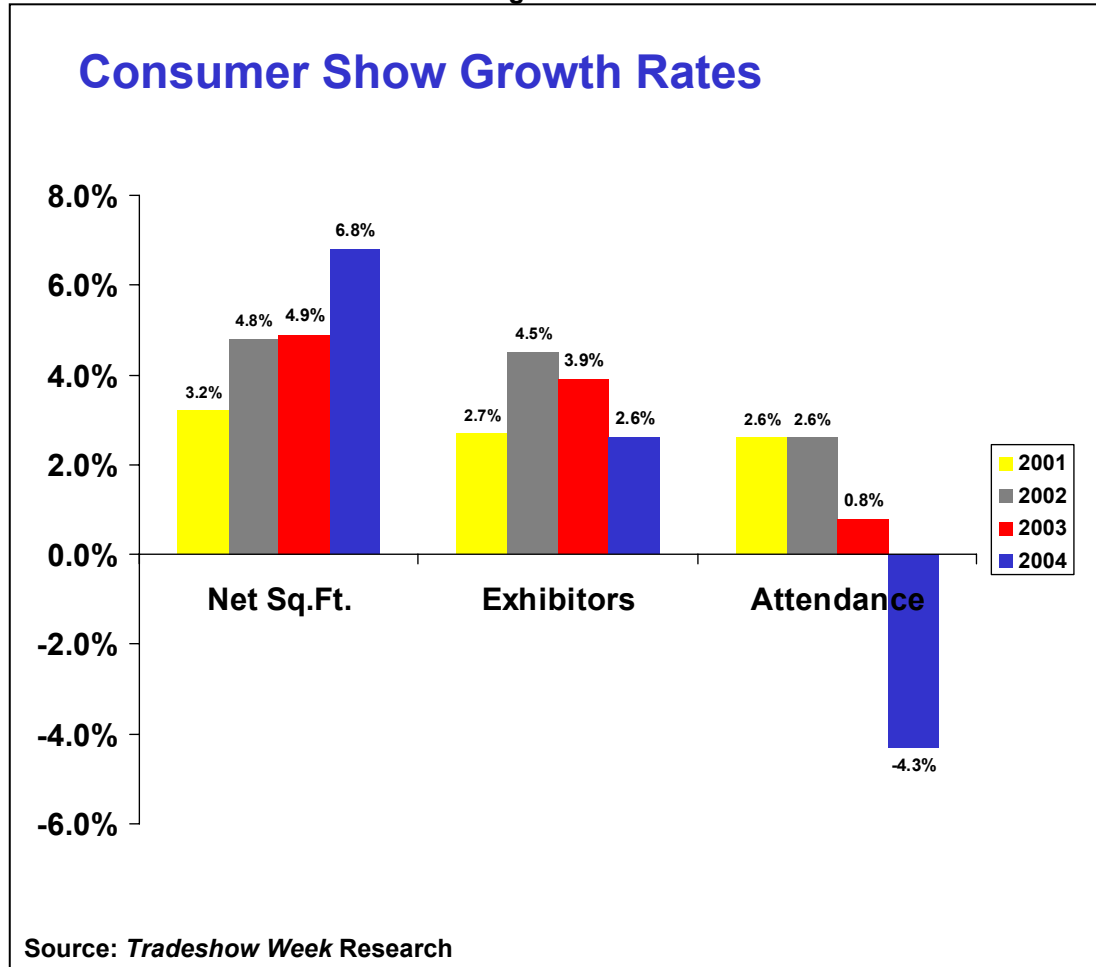
While groups have a reputation for obtaining the lowest room rates, the rates paid by many groups (48 percent) are over \$151. These are usually in resort or popular urban destinations like New York, Chicago, Boston, San Francisco, or Miami. However, for all meetings, only 17 percent paid less than \$100 per room. The other 83 percent were willing to pay more than \$100 per night. Tucson is not overpriced in this regard and in fact, should be able to offer higher quality at lower relative rates.

Trends Impacting the Consumer Show Market

The consumer show industry has remained steady over the past several years given strong consumer spending. More business to business show producers and large media companies are slowly entering into the consumer show market. Consumer shows tend to do better in the second and third tier cities due to the limited entertainment competition, which is the biggest competitor to shows, but still do well in major markets as well. Consumer shows have evolved beyond the buying and selling and are entertainment and educational based. Most leading consumer show producers, many of whom are regional rather than national in reach, run several different types of shows with the strong sectors focusing on family, women, custom car shows, home/garden, scrap booking, RV's and boats.

According to *Tradeshow Week*, approximately 80 percent of attendees are local and approximately 50 percent go to shows for entertainment purposes. Figure 4-13 shows the growth in the number of net square feet, exhibiting companies, and attendees by year, from 2001 through 2004.

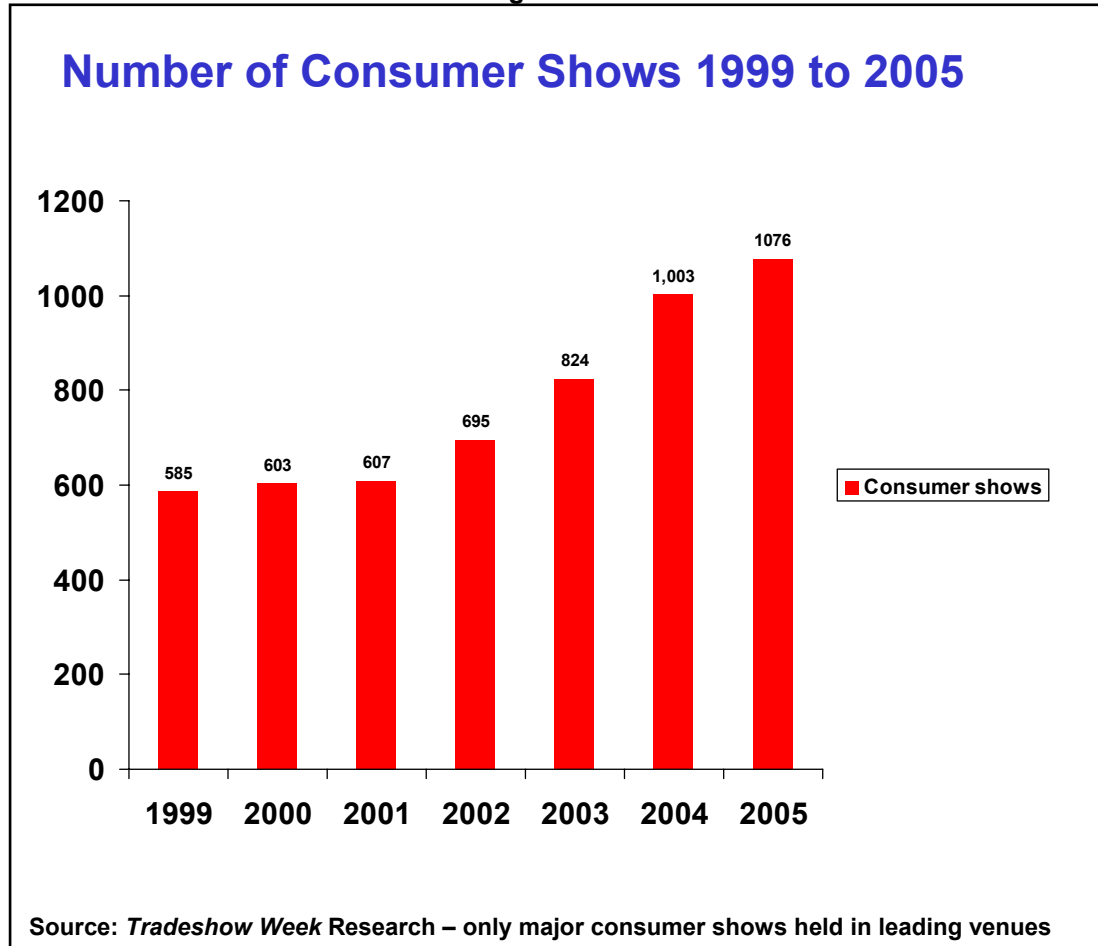
Figure 4-13



As the figure shows, net square feet of new space needed for consumer shows has increased by 6.8 percent in 2004 over 2003, while the rate of growth in number of exhibitors has declined. Attendance at consumer shows decreased in 2004, in part due to the growing appeal to older audiences at the expense of younger show categories. As such, promoters are faced with the challenge of finding shows that appeal to the younger crowd, since shows such as antiques; quilting, antique cars and the like are not of as great an interest to the younger generation.

Figure 4-14 shows the number of consumer shows from 1999 to 2005, as tracked by Tradeshow Week. The data tracked by Tradeshow Week represents only a fraction of the overall market. Not including agricultural and fairgrounds events, it is estimated that the top 50 U.S. markets host well over 4,000 consumer shows.

Figure 4-14



As shown, trends from Tradeshow Week show an increase in consumer shows since 1999. Similar growth rates are expected throughout the next few years. This growth is in part caused by the addition of exhibition space nationally.

Today, consumer shows contained in Tradeshow Week's data generate approximately \$2 billion in gross sales, with an average ticket price of \$8.25. The average consumer show is between 100,000 to 200,000 square feet, has approximately 200 exhibitors, and attracts approximately 20,000 to 40,000 attendees.

Table 4-14 shows a list of the top show producers in 2006.

Table 4-14

Top Show Producers 2006		
Rank	Event Management	Percent of Top Shows 2006
1	dmg world media	12%
2	The Great Bridal Expo Group	8%
3	The Woodworking Shows	6%
4	RJ Promotions	5%
5	National Event Management, Inc.	5%
6. (tie)	America's Best Shows	5%
6. (tie)	International Exhibitions, Inc.	5%
7	Championship Auto Shows Inc.	4%
8	MAC Events	4%
9	L & L Exhibition Management	4%
10	American Diabetes Association	4%
11. (tie)	Evergreen Exhibitions Ltd.	3%
11. (tie)	Motor Trend Auto Shows, Inc.	3%
12	Advanstar Communications Inc.	3%
13. (tie)	Osborne/Jenks Productions, Inc.	3%
13. (tie)	Tower Show Productions, Inc.	3%
13. (tie)	NP Expos, Inc.	3%
14. (tie)	O'Loughlin Trade Shows, Inc.	3%
14. (tie)	ShowSpan, Inc.	3%
15	Southern Shows, Inc.	3%
16. (tie)	Canwest Shows	2%
16. (tie)	Greenberg Shows	2%
16. (tie)	Scrapbook Expo	2%
16. (tie)	Show Technology Productions	2%

Source: Tradeshow Week Research - U.S. and Canada

As was noted previously, the consumer show market is evolving and is still largely run by talented, but now-corporate regional companies.

Table 4-15 summarizes the top industry sectors.

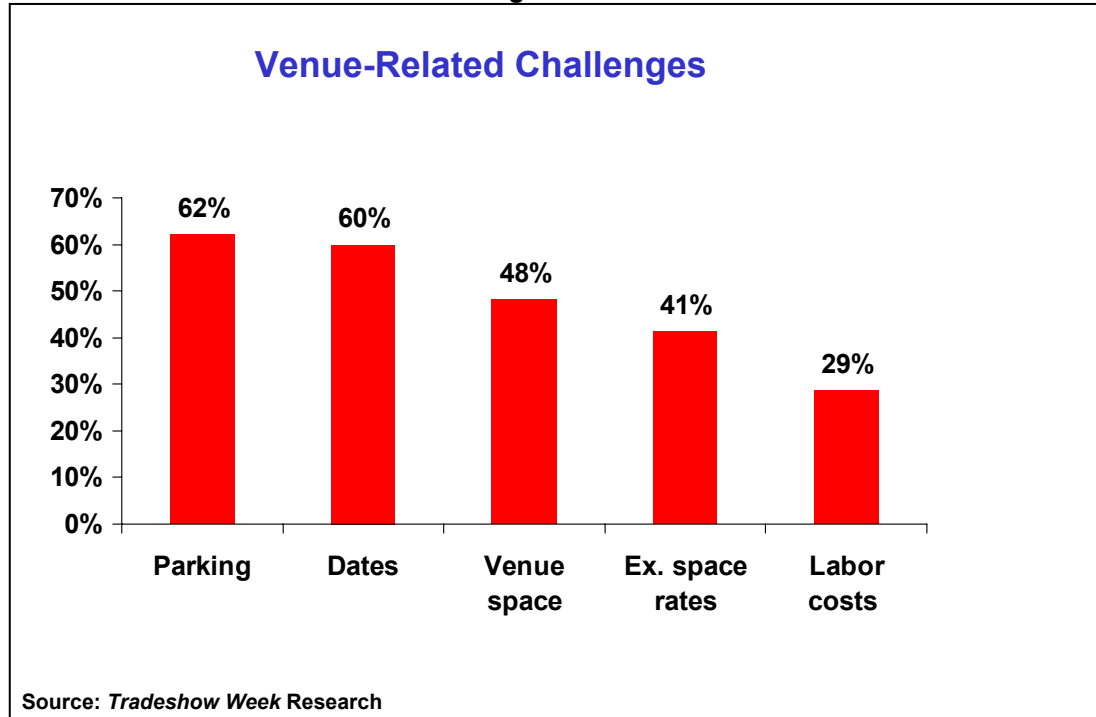
Table 4-15

Top Industry Sectors 2006		
Rank	Industry Focus	% of Events
1	Home Furnishings and Interior Design	19%
2	Women	10%
3	Boats	9%
4	Sporting Goods and Recreation	7%
5	Recreational Vehicles	7%
6	Automotive and Trucking	6%
7	Toys and Hobbies	5%
8 (tie)	Business	3%
8 (tie)	Woodworking	3%
9 (tie)	Landscape and Garden Supplies	3%
9 (tie)	Medical and Health Care	3%
9 (tie)	Motorcycles	3%
10	Gifts	3%
11	Building and Construction	3%
12	Apparel	3%
13	Textiles	2%
14	Travel Industry	2%
15	Veterinary	2%
16 (tie)	Computers and Computer Applications	1%
16 (tie)	Fishing	1%
17	Agriculture and Farming	1%
18 (tie)	Education	1%
18 (tie)	Housing	1%
19	Food and Beverage	1%
20	Floriculture and Horticulture	1%

Source: Tradeshow Week Research

Figure 4-15 displays the obstacles the producers face when booking events. Data provided in the figure is based on national promoter interview conducted by Tradeshow Week.

Figure 4-15



As the figure shows, parking is the biggest constraint for producers when deciding what facility to hold their show in. Other challenges producers faced was the dates available for their shows and venue space. Venue space is the challenge that the TCC has to overcome in order to attract more events.

Industry Implications for Tucson

The meetings and convention industry has expanded significantly over the past ten years in both supply of events and new and/or expanded quality venues but the Tucson Convention Center has not participated in this sector to any degree. Overtime, the TCC has become non-competitive. The design, hotel supply and poor downtown attractiveness have all contributed to this poor market penetration.

The nationwide industry expansion has led to an increase in the size and quality of convention and meeting facilities as well as the development of adjacent headquarter hotel properties to support these complexes. As the supply improved, expectations by planners increased as well. Those complexes that have not or do not meet the needs of planners will lose customers.

For any locality wanting to participate fully in the business of hosting meetings and conventions, preparations should be made to:

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- Build or upgrade meeting facilities to industry standards,
- Work to find the community's unique market niche,
- Focus the physical program of the building to meet the market's needs, and most importantly for Tucson
- Induce the development of high-quality hotel stock connected, adjacent, or within easy walking distance of the meeting complex.

The proposed project should enable it to be more attractive to more and larger groups, as it will offer a larger hotel package and high quality spaces, as well as an attractive urban environment. What is being proposed for this project and overall district should result in a very strong offering for the southwestern U.S.

V. COMPARATIVE FACILITY ANALYSIS & RECOMMENDATIONS

COMPARATIVE FACILITY ANALYSIS

In this section we analyze demand and comparable facilities which indicate how Tucson can perform if it provides the right hotel and convention center product.

Overview of Existing Facility

The Tucson Convention Center (TCC), built in 1971, includes a convention center with exhibit space, ballrooms and meeting rooms. It also includes an outmoded arena of 4,988 permanent and 2,724 bleacher seats, 1,500 floor seats, the Leo Rich Theater (511 seats), and the Music Hall (2,289 seats).

Table 5-1 shows the breakout of function space at the current facility.

Table 5-1

Tucson Convention Center	
	Square Footage
Exhibit Halls	
Exhibit Halls (A, B, C)	89,760
North Ex. Hall	24,180
Total	113,940
Arena (Floor Area)	33,750
Total Large Flat-Floor Space	147,690
Ballroom Space	
Copper Ballroom	10,082
Crystal Ballroom	5,041
Turquoise Ballroom	5,041
Total	20,164
Meeting Rooms	
Apache Room	700
Cochise Room	700
Coconino Room	1,400
Gila Room	1,400
Graham Room	1,400
Greenlee Room	1,400
Maricopa Room	1,820
Mohave Room	1,820
Total	10,640
Total Function Space	178,494
Ratio of Meeting Space to Exhibit Space	0.09
Capacity	
Other	
Leo Rich Theater	511
Music Hall	2,289
<i>Source: Tucson Convention Center</i>	

The facility has nearly 90,000 square feet of industry-standard exhibit space, plus 24,000 square feet of secondary quality exhibit space (20 ft. ceilings compared with 30 ft.), for a total of nearly 114,000 square feet. In addition, the arena floor of 33,750 square feet can be used for exhibits and tradeshow, if necessary. After the expansion, the Arena function should be eliminated from the complex and converted into more exhibit and meeting space. There is one large ballroom of 20,000 square feet, which can be divided into three sections. There are only eight meeting rooms totaling only 11,000 square feet. There are also the two theaters in the complex.

Figure 5-1 shows the configuration of the existing facility.

Figure 5-1

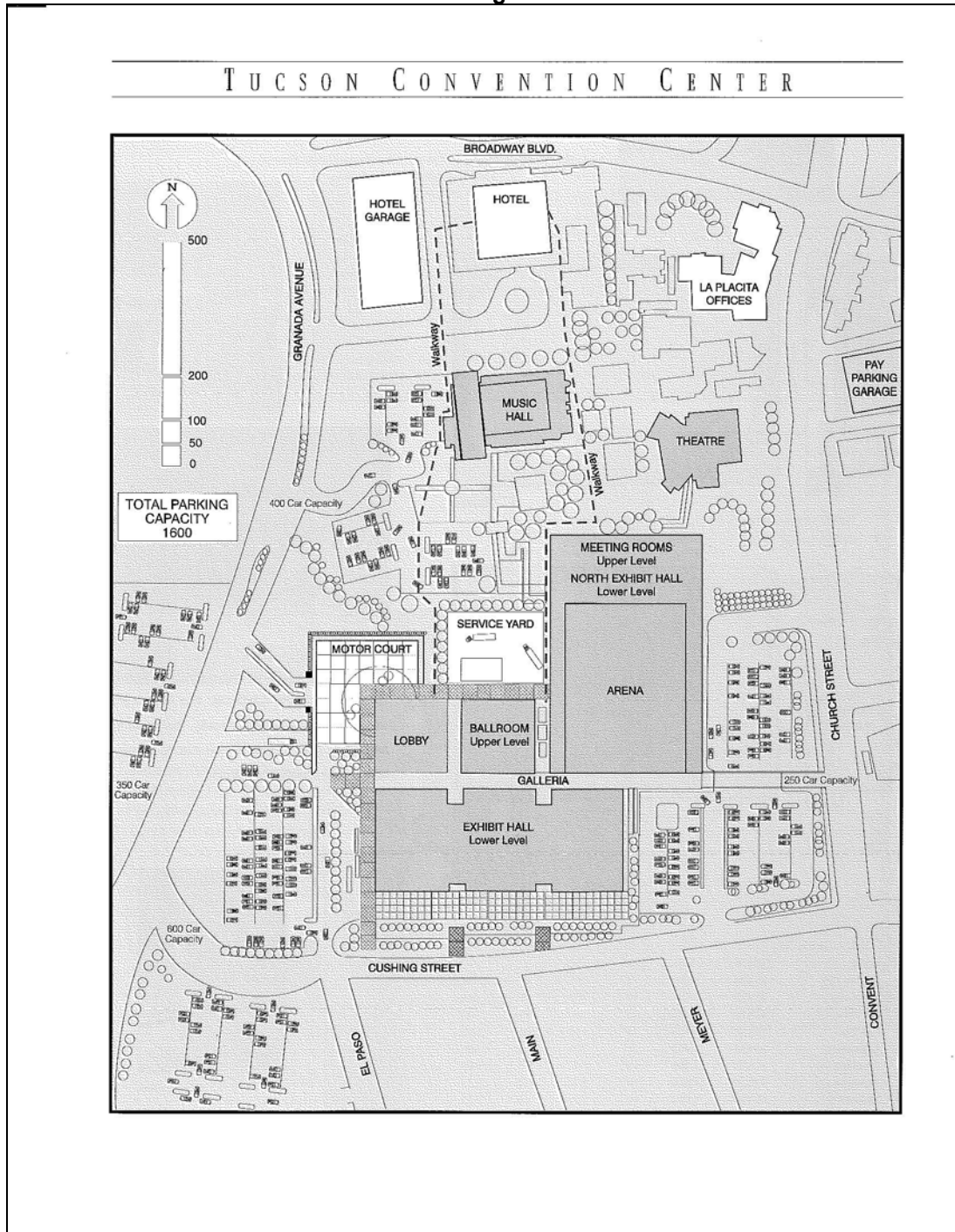


Table 5-2 shows the occupancy in the complex, by space.

Table 5-2

2005 Tucson Convention Center Complex Occupancy Summary	
	Occupancy
Arena	41.1%
Music Hall	60.5%
Leo Rich	46.4%
Meeting Rooms	26.6%
Ballrooms	35.4%
Exhibit Halls ABC	39.1%
North Ex. Hall	37.8%
<i>Source: Tucson Convention Center</i>	

Due to good programming, occupancy was highest in the Music Hall (61 percent) and lowest in the meeting rooms (27 percent). Due to an imbalance between meeting and exhibit space, a poor hotel package and an overall poor appearance, the convention center overall performs poorly. The ballrooms and exhibit halls all had occupancies between 35 and 39 percent. Maximum practical occupancy for convention centers is considered to be 70 percent (due to calendar and move-in/out issues). As such, the TCC is only at 35 percent of capacity.

Management assisted Johnson Consulting in separating out demand for the convention center elements of the facility. Table 5-3 shows the event use by event type in the Convention Center only.

Table 5-3

Tucson Convention Center				
Event Demand				
Event	2002	2003	2004	
	# of Events	# of Events	# of Events	Total Attendance
Conventions/Tradeshows	19	15	14	38,902
Consumer Shows	34	38	33	42,627
Banquets	24	20	14	3,605
Receptions	18	16	17	5,670
Corporate	3	9	10	4,600
Education	17	15	20	21,500
Religious	21	18	10	10,820
Government	34	32	38	16,944
Misc.	22	33	22	31,121
Total	192	196	178	175,789

Source: Tucson Convention Center, Johnson Consulting

As the table shows, consumer shows and tradeshows are the largest attendance producers. The number of conventions that the TCC holds is small due to limited meeting space.

Table 5-4 shows management's best attempt to segregate direct revenue and expenses associated with the convention center component of the TCC. The chart of accounts could not be broken down further given the way the City accounts for the Center and given the short timeframe of this study.

Table 5-4

Tucson Convention Center Financial Statements	
	2005
Operating Revenue	
Total Operating Revenue	\$693,000
Operating Expenses	
Salaries and Benefits	485,000
Utilities and Maintenance	425,000
Other	190,000
Total Operating Expenses	\$1,100,000
Net Operating Income	(\$407,000)
<i>Source: TCC, Johnson Consulting</i>	

Local Hotel Market

The meeting space within local hotels is important in complementing the space within a convention center. Tucson has developed a substantial amount of success in the group meetings business overall, largely due to the resort market's success.

For the broader hotel supply that will support the convention center expansion, Tucson currently has 11 hotels with meeting space as shown in Table 5-5. While not included in the table, area resorts will also support the convention center's room blocks when larger events are hosted. Given the proximity of the J.W. Marriott at Starr Pass, it may do so regularly.

Table 5-5

Inventory of Tucson Area Meeting and Conference Spaces - Hotel Facilities					
Property	# of Guest Rooms	Total Meeting Space SF	# of Meeting Rooms	Banquet Capacity	Theater Capacity
Hotel Arizona	307	26,956	16	600	750
Marriott University Park	250	18,249	7	720	1,100
Doubletree Hotel	295	16,725	9	720	1,200
InnSuites Tucson City Center	297	13,863	6	700	1,400
Holiday Inn Tucson Airport	301	13,349	9	650	1,100
Radisson Suites Tucson	299	12,063	8	250	300
Sheraton Hotel	216	11,742	9	300	400
Embassy Suites Hotel	204	10,289	2	300	525
Hilton Tucson East	233	7,395	6	400	600
Windmill Suites at St. Philip's Plaza	122	7,068	5	220	300
Four Points Sheraton	150	5,584	3	300	350
Total	2,674	143,283			
<i>Source: Mpoint, Johnson Consulting</i>					

There is a total of approximately 143,000 square feet of meeting space throughout Tucson hotels. The InnSuites Tucson City Center has the largest capacity of 1,400.

Comparable Facilities

Johnson Consulting compiled market and facilities data for several cities throughout the United States that have some comparability with Tucson or its facility. While each of these markets varies from Tucson in many regards, they have been chosen to illustrate the strategies that have been used to develop upgraded or new convention facilities, and offer the market factors that point to the demand potential in Tucson if an appropriately competitive facility is in place.

Further, information about the event demand and financial performance of these similar facilities provides insight into the general parameters within which an improved facility in Tucson can reasonably expect to operate. As a rule, it typically takes three to seven years for a convention facility to stabilize its operations, including a renovated venue. This reflects the time required for an improved facility to get into the sales cycle in the convention and meetings industry (18 months to five years), the need of direct market and support organizations such as a CVB to become more sophisticated in their event targeting and sales functions, and the maturity required within the overall market to identify opportunities to create or grow local events.

This section provides case-study analysis of seven existing convention center facilities that share either market or venue characteristics to the situation proposed for Tucson. The facilities analyzed are:

- The Fort Worth Convention Center, Fort Worth, Texas;
- Spokane Convention Center, Spokane, Washington;
- Albuquerque Convention Center, Albuquerque, New Mexico;
- Palm Beach Convention Center, Palm Beach, Florida;
- Palm Springs Convention Center, Palm Springs, California;
- Salt Palace Convention Center, Salt Lake City, Utah; and
- Tulsa Convention Center, Tulsa, Oklahoma.

The commonalities of these cities are city size, a multi-purpose venue that has been fully renovated, most of the times into a single purpose venue or a setting in a resort market. In many cases, two or three of the features are present.

Table 5-6 displays a comparison of the exhibit and meeting facilities of the comparable facilities.

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Table 5-6

Comparable Facilities Comparison of Exhibit and Meeting Space									
	Tucson Convention Center	Salt Palace Convention Center	Albuquerque Convention Center	Spokane Convention Center*	Palm Beach County Convention Center	Palm Springs Convention Center	Fort Worth Convention Center	Tulsa Convention Center*	Overland Park Convention Center
City Population	515,526	178,097	494,236	196,818	1,268,548	47,082	624,067	382,457	166,750
MSA Population	906,540	1,018,514	781,380	435,146	5,355,903	3,785,883	5,696,045	880,713	1,927,240
# Hotel Rooms									
City wide	14,540	16,836	10,666	6,743	15,233	6,551	11,000	11,741	5,000
Downtown	2,700	7,813	1,562	3,000	N/A	N/A	2,000	1,141	N/A
Exhibit Halls									
Total SF	113,940	364,500	166,546	100,160	101,570	66,000	227,266	102,600	58,494
Number of Sections**	3	9	3 - 4	5	2	5	2 - 7	3	2
Minimum Size (SF)	24,180	16,200	48,600	10,529	50,640	4,500	22,160	30,400	29,030
Maximum Size (SF)	89,760	364,500	106,200	100,160	101,570	66,000	182,266	102,600	29,464
Ballrooms									
Total SF	20,164	45,000	31,164	25,915	24,442	32,587	28,160	20,000	24,991
Total Number of Sections**	3	10	3	3	5	2 - 10	3	7	4
Minimum Size (SF)	5,041	3,820	8,820	8,390	1,716	857	8,192	1,200	4,232
Maximum Size (SF)	10,082	45,000	31,164	25,915	24,442	20,016	28,160	20,000	8,679
Meeting Rooms									
Total SF	10,640	52,000	44,947	35,732	22,304	30,492	58,809	97,000***	15,015
Number of Rooms**	8	13 - 43	15 - 29	11 - 24	10 - 19	14 - 26	25 - 40	8 - 14	8.00
Minimum Size (SF)	700	490	400	550	674	468	346	400	900
Maximum Size (SF)	1,820	8,800	14,210	13,730	4,059	4,680	11,858	7,700	3,093
Ratio of Meeting and Ballroom Space to Exhibit Hall	27%	27%	46%	62%	46%	96%	38%	114%	68%
Other									
Type	Arena****			Auditorium			Arena	Arena	
Size (SF)	33,750			27,460			25,960	23,744	
Capacity	9,275			2,700			13,500	8,900	
Total Exhibit and Meeting Space (SF)	144,744	461,500	242,657	161,807	148,316	129,079	314,235	219,600	98,500

*Currently under-going expansion. Size and capacity reflects expanded facility.
 **Range indicates the number of rooms when combined and when used individually.
 ***Total meeting rooms SF reflects size after expansion, but info details reflect existing condition.
 ****Within the Tucson CC complex are also a 511-seat Theater and a 2,289-seat Music Hall
 Source: Respective Facilities, mpoint.com, Johnson Consulting

Of the comparable facilities in the table above, the Salt Palace has the largest amount of total space. While an overview of the Overland Park Convention Center is not detailed in the list of comparable facilities, it is illustrated in the above table to show space dimensions.

Fort Worth Convention Center, Fort Worth, Texas

The Fort Worth Convention Center (FWCC) is located in Fort Worth, Texas, which is located next to Dallas. As with Tucson, Fort Worth serves a regional market, drawing business from throughout Texas and Oklahoma. The Dallas-Fort Worth metro area has a population of 5.35 million and the Ft. Worth submarket is supported by 11,000 hotel/motel rooms.

Figure 5-2 shows a picture of the Fort Worth Convention Center.

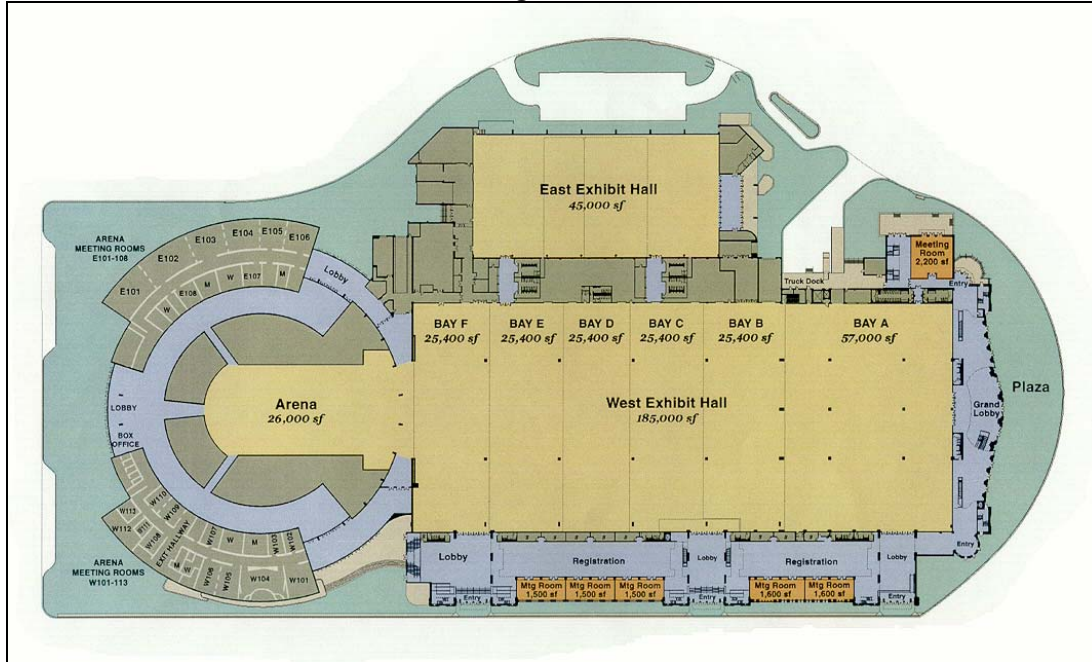
Figure 5-2



The Fort Worth Convention Center was recently renovated in 2003 at a cost of \$75 million. Before expansion, the center was similar in many ways to the TCC, in that it was older, more limited in functionality and incorporates an arena. The FWCC spans 4 city blocks in the downtown business district in Fort Worth and contains approximately 340,000 of total space. The FWCC is owned by the City of Fort Worth and was paid for with hotel/motel taxes as well as an auto rental tax.

Figure 5-3 displays the layout of the renovated convention center.

Figure 5-3



The FWCC contains approximately 227,000 square feet of exhibit space, approximately 28,000 square feet of ballroom space, and approximately 59,000 square feet of meeting space. The FWCC has 725 on-site parking spaces. The arena is slated for future expansion of the exhibit hall and a new arena is proposed near the City's "Cultural District", which is the area's fairgrounds.

Table 5-7 shows the room sizes and capacities.

Table 5-7

Fort Worth Convention Center Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall A	56,508	-	5,600	4,000	3,288	225
Hall B	27,700	-	2,500	1,784	1,464	124
Hall C	22,160	-	2,500	1,784	1,464	124
Hall D	27,700	-	2,500	1,784	1,464	124
Hall E	22,160	-	2,500	1,784	1,464	124
Hall F	26,038	-	2,500	1,784	1,464	124
Hall A-F Combined	-	182,266	na	na	10,608	780
Hall Annex	-	45,000	4,500	3,212	2,640	225
All Halls Combined	-	227,266				
Ballroom						
Section A	8,192	-	819	584	480	45
Section B	11,520	-	1,152	820	672	60
Section C	8,192	-	819	584	480	45
All Sections Combined	-	28,160	2,816	2,008	1,656	150
Meeting Rooms						
Number of Rooms	40	25				
Total Meeting Rooms SF		58,809				
Other						
Arena		25,960*	13,500	na	na	na
Total Function Space (SF)		340,195				

**Indicates arena floor area.*
Source: Fort Worth Convention Center

The Center's first priority is booking conventions and trade shows. The Fort Worth Convention and Visitors Bureau (FWCVB), under contract with the City of Fort Worth, has the primary responsibility for marketing the Fort Worth Convention Center to national, regional, and state conventions and trade shows. The FWCVB has primary control over advance bookings 18 months out and more. All FWCVB event bookings are coordinated with the Center. The Center is responsible for the solicitation of trade shows, consumer shows, and all other events within an 18-month booking period.

The Center currently hosts an average of 35 conventions and 10 trade shows annually. The Center books the remaining available dates not booked with convention and trade show business by the FWCVB with local trade shows and consumer shows, within the 18-month booking period.

Table 5-8 summarizes demand by type of event for calendar year 2005.

Table 5-8

Fort Worth Convention Center Event Demand - Year 2005		
	# of Events	Total Attendance
Conventions/ Tradeshows	29	444,173
Consumer Show	4	29,725
Banquets/ Receptions	37	14,331
Corporate	39	22,824
SMERF	325	394,253
Misc.	47	212,032
Total	481	1,117,338

Source: Ft. Worth Convention Center, Johnson Consulting

As with the projected demand for the expanded Tucson Convention Center, the majority of Fort Worth's demand is comprised of meetings and banquets/receptions. Of the remaining events, the vast majority were conventions and conferences and community program events. Consumer shows represented a small portion of Fort Worth's demand.

Table 5-9 shows the financial statement for the facility from 2004.

Table 5-9

Fort Worth Convention Center Financial Statements Year 2004	
	Total
Revenues	
Parking	\$852,771
Rent	1,608,883
Concessions	456,507
Catering Revenue	300,214
Labor	109,702
Equipment Rental	23,403
Merchandise Commission	12,942
Misc. Revenue	162,579
Total	\$3,527,001
Expenditures	
Personnel	\$2,833,729
Contactual	925,231
Supplies	224,258
Capital Improvements	5,515
Total	\$3,988,732
Net Operating Income	(\$461,731)
<i>Source: Ft. Worth Convention Center</i>	

As the table shows, the FWCC typically experiences an operating loss of approximately \$450,000 per year. The building not only serves as a convention center, but also as the community's arena. A 608-room Omni Fort Worth Convention Hotel is being built adjacent from the convention center and will have underground parking as well as 97 condominiums. Due to the expansion of the center and aggressive efforts by the City, with an incentive program less robust than Rio Nuevo's two corporate headquarters were retained in downtown and virtually every hotel is or has been reflagged and renovated.

Spokane Convention Center, Spokane, Washington

Spokane, located on the eastern border of Washington offers a number of attractions throughout its downtown, including several museums, theatres and galleries in addition to its event facilities. Spokane is east of the Cascade Mountain range and is the largest metropolitan area in Eastern Washington.

The Spokane Convention Center (SCC), which includes an opera house, is located in downtown Spokane on the Spokane River. The facility was originally built in 1974 for the worlds fair. In July 2003, the City issued \$77 million in bonds to assist in the renovation and expansion of the convention center. The convention center

expansion opened in August 2006 and the renovation of existing space is scheduled to open in May of 2007. The total estimated cost for the expansion and renovation project is \$89 million.

Table 5-10 displays the total function space once the expansion and renovations are completed (May 2007).

Table 5-10

Spokane Convention Center*						
Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall A	33,470	-	3,200	1,900	2,150	176
Hall B1	10,529	-	1,000	560	700	64
Hall B2	11,240	-	1,100	600	730	56
Hall C	27,510	-	2,750	1,600	1,800	141
Hall D	17,390	-	1,600	900	1,000	67
All Halls Combined	-	100,160	na	na	na	na
Ballroom						
Section A	8,430	-	825	480	550	40
Section B	9,095	-	875	500	560	45
Section C	8,390	-	825	480	550	40
All Sections Combined	-	25,915	2,500	1,480	1,660	125
Meeting Rooms						
Number of Rooms	24	11				
Smallest Room (Single)	550	-	50	30	40	na
Largest Room (Combined)	-	13,730	1,350	1,050	1,125	75
Total Meeting Rooms SF		35,732				
Other						
Auditorium		27,460**	2,700	na	na	na
Total Function Space (SF)		189,267				

**Currently under expansion. Size and capacity reflects expanded facility.*

***Estimates.*

Source: Spokane Convention Center

The expanded Spokane Convention Center will have:

- 100,160 square feet of exhibit space
- a 25,915 square foot ballroom
- 35,732 square feet of meeting rooms, and
- a 2,700-seat auditorium.

The City believes that when the expansion is completed, the facility will become a much more competitive venue to attract major national and regional conventions, expositions and trade shows and will become more competitive with markets in Seattle, Portland, Salt Lake City and Boise. Its new size also will allow for local organizations to hold meetings, graduations and other events simultaneously with major conventions.

Table 5-11 shows Spokane's demand type by event for the 2005 calendar year.

Table 5-11

Spokane Convention Center Event Calendar 2005		
	# of Events	# of Attendees
Convention and Trade Shows	18	47,796
Consumer Shows	25	108,920
Community Events	58	22,094
Meetings	94	202,736
Total	195	381,546

Source: Spokane Public Facilities Department

Spokane's demand is comprised of meetings, accounting for 53 percent of total attendance, held from a local audience. Of the remaining events, consumer shows accounted for the majority of attendance at 29 percent or 108,920 visitors. Convention and Trade shows and community events represented a small percentage of the event demand during 2005.

The Spokane Convention Center is owned by the City of Spokane and managed by the Spokane Public Facilities Department (PFD). It is operated in association with the new arena and the City's performing arts center complex, even though all are physically separated. Table 5-12 displays the financial statement for the convention center during the 2005 calendar year.

Table 5-12

Spokane Convention Center Revenue and Expense Statements	
	2005
Revenues	
Rental Income	\$427,725
Concessions/Cater/Beverage	273,853
Merchandise	300
Event Miscellaneous	154,002
Parking	63,240
Box Office	412
Forfeited Deposits	3,500
Miscellaneous	(4,695)
Admission Tax	8,961
Arena Admission Tax	370,171
Lodging Tax	667,777
Incremental Contribution	265,225
R&R Transfer	59,517
Total Revenue	\$2,289,988
Expenses	
Salaries & Benefits	\$809,469
Supplies	61,062
Contractual Services	688,791
Utilities	279,909
Insurance	28,377
Advertising/Marketing	6,178
Repairs/Maintenance	127,627
Other Services	57,059
Taxes	32,036
Total Expenses	\$2,090,508
Net Income	\$199,480
<i>Source: Spokane Public Facilities Department</i>	

As Table 5-12 shows Spokane generates positive cash flow from operations because it cleverly and appropriately includes approximately \$1 million in tax and city transfers. With these taxes included, in 2005, the facility netted just under \$200,000 from operations. Lodging and arena admissions taxes generate a substantial share of facility revenue at 45 percent. Rental income and concessions/food/beverage produce an additional 31 percent of facility revenue. The remaining revenue is generated in miscellaneous categories with no single revenue stream producing greater than 12 percent of total revenues. While the above statement does not include operations of the arena and performing arts center, due in large part to joint operation, which offers shared expense opportunities with the Arena and other facilities, the convention center produces a very modest net income.

Leadership in the City of Spokane and at the Spokane Convention Center understood the importance to keep pace with the changing meetings market in Washington State. The market is becoming drastically more competitive due to the large number of convention center expansion and the upgrades over the past four years because of a tax dedicated to such facilities state-wide. To ensure the City would not lose out on the economic benefits associated with the growing exhibition, meetings, consumer and tradeshow markets an expansion plan for the convention center was implemented.

Albuquerque Convention Center, Albuquerque, New Mexico

Like the TCC, the Albuquerque Convention Center (ACC) is a multipurpose convention, event, group meeting and concert facility that consists of two complexes in one facility and is located in downtown Albuquerque, New Mexico. With a population of nearly 797,940 it is largest city in the state. Albuquerque is located in the central part of the state, along the Rio Grande and is approximately 500 miles from Denver, Colorado and Phoenix, Arizona. Similar to Tucson, Albuquerque competes with other larger markets within the state for events.

Figure 5-4 shows the front entrance to the Convention Center.

Figure 5-4



The ACC contains 166,000 square-feet of exhibition space and 42,359 square feet of meeting space, plus a complement of banquet and ballroom space, as shown in Table 5-13.

Table 5-13

Albuquerque Convention Center						
Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall NE	48,600	-	4,500	2,300	3,120	296
Hall SE	57,600	-	4,500	3,000	3,500	323
Hall NE-SE Combined	-	106,200	8,500	5,300	7,624	619
Hall NW	-	30,173	2,360	1,570	1,830	157
Hall SW	-	30,173	2,360	1,570	1,830	157
Total Exhibit Halls	-	166,546	13,220	8,440	11,284	933
Ballroom						
Section A	9,996	-	642	408	450	57
Section B	8,820	-	300	300	300	54
Section C	12,348	-	800	544	550	78
All Sections Combined	-	31,164	2,400	1,360	2,000	150
Meeting Rooms						
Number of Rooms	29	15				
Smallest Room (Single)	400	-	40	24	na	na
Largest Room (Combined)	-	14,210	1,155	648	976	88
Total Meeting Rooms SF		44,947				
Total Function Space (SF)		242,657				

Source: Albuquerque Convention Center

Among the myriad of objectives of the ACC is to serve as a economic activity by attracting group meeting, convention, and social activity. While a significant target market is non-resident or out-of-town groups, the ACC also serves a vital resource to Bernalillo County businesses, organizations, and residents by providing high quality event, meeting, and ballroom space.

The ACC was built in response to the growing demand for meeting space and to attract new dollars into the area. Since opening in 1972, the Albuquerque Convention Center has struggled. Its renovation in the late 1990's has totally repositioned the complex and its surrounding area has improved substantially. The market is still seeking a major headquarters hotel.

Palm Beach Convention Center

The Palm Beach Convention Center, (PBCC) opened in 1985, is dedicated convention and group meeting facility. Given the image of Palm Beach, the center is very attractively appointed and fits within its overall community branding profile. The center is across the street from the nationally acclaimed Kravis Center for the

Performing Arts and City Place, a \$600 million dollar mixed used entertainment complex.

Located in downtown Palm Beach on 19 acres, the convention center is located three miles from the Palm Beach Airport and one mile from Interstate 95.

With a population of over 1.2 million people, Palm Beach County is the third largest county in the state. Situated in the southern part of Florida, the county borders Martin County to the North, the Atlantic Ocean to the East, Broward County to the South, Hendry County to the west and Lake Okeechobee to the Northwest. Palm Beaches' prime location enables the city to attract medium sized conventions and meetings looking for a balance for space, entertainment and an attractive climate. A new 400 room Westin is nearing the start of construction. It will be physically linked to the convention center.

Figure 5-5 shows the front entrance to the Palm Beach County Convention Center.

Figure 5-5



The Palm Beach convention center has strived to market itself as a premier convention facility. With an \$84 million budget, the center incorporated intricate design elements and advanced technology into its building plan. PBCC offers over 100,000 square feet of exhibit space. The convention center also 23,000 square feet of meeting space that is divisible into 23 meeting rooms and a 25,000 square foot grand ballroom with pre-function area and an outdoor terrace. Table 5-14 shows the breakdown of room size and capacity for the PBCCC.

Table 5-14

Palm Beach County Convention Center Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall A	50,640	-	5,627	3,492	4,220	253
Hall B	50,930	-	5,659	3,512	4,244	255
All Halls Combined	-	101,570	11,286	7,005	8,464	508
Ballroom						
Section A	14,149	-	1,572	976	1,179	71
Section B	1,716	-	191	118	143	na
Section C	2,806	-	312	194	234	na
Section D	2,800	-	311	193	233	na
Section E	2,971	-	330	205	248	na
All Sections Combined	-	24,442	2,716	1,686	2,037	122
Meeting Rooms						
Number of Rooms	19	10				
Smallest Room (Single)	674	-	75	46	54	na
Largest Room (Combined)	-	4,059	451	280	325	na
Total Meeting Rooms SF		22,304				
Total Function Space (SF)		148,316				

Source: Palm Beach County Convention Center

Palm Springs Convention Center

The Palm Springs Convention Center (PSCC) is a recently updated and expanded convention, exhibit, and meeting facility located in Palm Springs California. Palm Springs is located in Riverside County and is a popular desert resort destination approximately 110 miles east of Los Angeles. It is one of nine cities that make up the Coachella Valley community and lies at the foot of Mount San Jacinto just east of the downtown area.

The Palm Springs Convention Center hosts a variety of meetings, conventions, exhibitions, special events and trade shows. The convention center reopened in the fall of 2005 after a \$32.3 million dollar upgrade and expansion.

Figure 5-6 shows the front entrance to the PSCC

Figure 5-6



The PSCC's enhanced features include 66,000 square feet of exhibit space, 14 meeting and break out rooms and a 20,000 square foot ballroom. The expansion of the convention center will add an 18,000, square foot lobby with panoramic mountain views that is included in the rentable space. Table 5-15 illustrates the breakdown in room sizes.

Table 5-15

Palm Springs Convention Center						
Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Section 1	10,725	-	1,200	715	750	57
Section 2	7,525	-	850	500	520	35
Section 3	21,600	-	2,500	1,400	1,430	120
Section 4	21,600	-	2,500	1,400	1,430	116
Section 5	4,500	-	450	300	260	na
Total Exhibit Halls	-	66,000	na	na	4,390	351
Ballrooms						
Primrose Ballroom	-	20,016	1,668	1,112	1,112	93
Section A	6,337	-	528	352	352	na
Section B	7,669	-	639	426	426	na
Section C	2,825	-	235	157	157	na
Section D	3,185	-	265	177	177	na
California Grand Ballroom	-	12,571	1,400	800	1,050	65
Section A	3,144	-	350	200	263	na
Section B, C, D (each)	2,571	-	286	164	215	na
Section E, F (each)	857	-	95	55	72	na
All Sections Combined	-	32,587	na	na	na	na
Meeting Rooms						
Number of Rooms	26	14				
Smallest Room (Single)	468	-	na	na	na	na
Largest Room (Combined)	-	4,680	390	260	260	na
Total Meeting Rooms SF		30,492				
Total Function Space (SF)		129,079				

Source: Palm Springs Convention Center

Salt Palace Convention Center

Salt Lake City is part of Salt Lake City-Ogden MSA (population 1.3 million). The metro area population has increased by an average of 2.2 percent per year from 1990 through 2000. The City is located on Interstates 80 and 15 in northern Utah, near the Great Salt Lake. Strong growth in services sector, tourism, and recreation are the leading contributors to the expansion of Utah's economy in recent years. In addition, the building boom associated with the 2002 Winter Olympics played a substantial role. Salt Lake City is not much larger than Tucson, but as a community comes across as a more sophisticated, well organized and bigger market. The size and quality of its facility started out in a format similar to that of the TCC, but removal of the arena function and a major expansion completely repositioned the Center into national prominence.

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Operated by SMG, the Salt Palace Convention Center (SPCC) reopened in August 2000 and is owned by Salt Lake County. Figure 5-7 shows the entrance to the SPCC.

Figure 5-7



Table 5-16 summarizes the size and capacity of the SPCC's convention and meeting space.

Table 5-16

Salt Palace Convention Center						
Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall 1	48,600	-	5,300	2,700	2,700	238
Hall 2	16,200	-	1,700	700	900	64
Hall 3	16,200	-	1,700	700	900	64
Hall 4	48,600	-	5,300	2,700	2,700	238
Hall A	48,600	-	5,300	2,700	2,700	238
Hall B	24,300	-	2,600	1,300	1,350	119
Hall C	48,600	-	5,300	2,700	2,700	238
Hall D	48,600	-	5,300	2,700	2,700	238
Hall E	64,800	-	7,100	3,400	3,600	317
All Halls Combined	-	364,500	na	na	na	1,754
Ballroom						
Section A - J (each)	3,820	-	400	190	200	na
All Sections Combined	-	45,000	4,900	2,500	2,900	na
Meeting Rooms						
Number of Rooms	43	13				
Smallest Room (Single)	490	-	40	15	20	na
Largest Room (Combined)	-	8,800	900	450	550	na
Total Meeting Rooms SF		52,000				
Total Function Space (SF)		461,500				

Source: Salt Palace Convention Center

The reopening of the SPCC was a product of a \$52 million dollar renovation enlarging the facility by 40 percent. The Center now has 364,500 square feet of exhibit space, 45,000 square feet of ballroom space, 52,000 square feet of meeting space, and on-site parking capacity for 1,150 cars (600 underground, 550 surface). As shown in the table, the exhibit hall is divisible into nine sections ranging from 16,200 square feet to 64,800 square feet. The ballroom is divisible into ten sections of 3,820 square feet each. There are 43 flexible meeting rooms that can be combined into 13 larger rooms. The size of the meeting rooms range from 490 square feet (when used individually) to 8,800 square feet (when combined).

Table 5-17 shows the number of events by event category.

Table 5-17

Salt Palace Convention Center Event Demand - Year 2005			
	# of Events	Event Days	Attendance
Convention	35	176	678,324
Trade Shows	8	13	15,130
Consumer Shows	9	13	30,120
Meeting and Seminars	56	67	20,926
Sporting Events	5	61	21,300
Banquets	7	7	19,112
Other Events	64	88	39,505
Total	184	425	824,417
<i>Source: Salt Palace Convention Center</i>			

As the table shows, in 2005 the SPCC held 184 events, including more than three dozen conventions and tradeshow.

Table 5-18 shows the 2005 financial statements the Salt Palace Convention Center.

Table 5-18

Salt Palace Convention Center and South Towne Exposition Center	
Financial Statements Year 2005	
Revenues	
Rental Income	\$1,831,405
Food and Beverage	1,982,565
Labor and Set-Up	272,741
Parking	259,288
Other Ancillary Income	992,510
Other Operating Income	422,833
Total	\$5,761,342
Expenditures	
Salaries and Wages & Benefits	\$4,009,471
Contracted Services	360,425
Operations Expense	76,906
Repairs & maintenance	542,975
Insurance	131,817
Supplies	157,683
Utilities	1,555,844
General & Administrative	608,297
Other	(360,869)
Total	\$7,082,549
Net Operating Income	(\$1,321,207)
<i>Source: Salt Palace Convention Center</i>	

In 2005, the SPCC incurred an operating deficit of \$1.3 million on revenues of \$5.7 million and expenses of \$7.0 million. As a result of competition, the SPCC is competitive on pricing. It considers the total value of an event bid, and then responds through various channels including the CVB, County, and SPCC. Salt Lake City views itself as a cost effective events market based on hotel rates and other seasonal factors, and often points to that as a strategic advantage in pursuing events.

It should be noted that one factor affecting its deficit size is an overall low number of banquets and consumer shows. There are several major hotels in the downtown area that compete for banquet business. Secondly, the Southtowne Convention Center, a suburban consumer show venue hosts a great number of the market's consumer shows.

Tulsa Convention Center

The Tulsa Convention Center (Tulsa CC) is becoming a full service exhibit and conference facility but started with very similar origins of the Tucson Convention Center. A city population of 572,059 makes Tulsa the second largest city in the state following Oklahoma City. Tulsa is located in the northeastern corner of Oklahoma between the Great Plains and the Ozark Mountains. Air service is provided by Tulsa International Airport which serves approximately 3 million passengers annually.

Figure 6 shows the entrance to the Tulsa CC.

Figure 6



Table 5-19 summarizes the size and capacity of the Tulsa CC's convention and meeting space.

Table 5-19

Tulsa Convention Center Convention and Meeting Room Size and Capacity						
	Size (SF)		Capacity			
	Each	Combined	Theater	Classroom	Banquet	Booths
Exhibit Hall						
Hall A	30,400	-	2,700	1,482	1,540	155
Hall B	34,200	-	3,000	1,472	1,820	170
Hall C	38,000	-	3,400	1,656	1,960	190
All Halls Combined	-	102,600	7,000	5,000	5,104	515
Ballroom (Conference Hall)						
Section A	6,000	-	442	144	192	25
Section B	1,200	-	108	63	56	na
Section C	1,200	-	108	63	56	na
Section D	1,200	-	108	63	56	na
Section E	1,200	-	108	63	56	na
Section F	1,200	-	108	63	56	na
Section G	1,200	-	108	63	56	na
All Sections Combined	-	20,000	1,536	648	776	100
Meeting Rooms						
Number of Rooms	14	8				
Smallest Room (Single)	400	-	36	18	32	na
Largest Room (Combined)	-	7,700	1,000	456	448	40
Total Meeting Rooms SF		97,000*				
Other						
Arena		23,744**	8,900	na	na	na
Total Function Space (SF)		243,344				

*Reflects size after expansion.
 **Indicates arena floor area.
 Source: Tulsa Convention Center

The Exhibit hall has a total of 102,600 square feet that is divisible to 3 smaller halls and a gallery that is used as pre function space. Adjacent to the exhibit hall is the Arena with a seating capacity of 8,909 which is used for various sporting events throughout the year. A new arena is under construction in Tulsa. The ballroom (called Conference Hall at the facility) has a combined total of 20,000 square feet and hosts many banquets and special events. The facility also has on-site parking capacity for 1,400 cars.

Table 5-20 shows the number of events by event category (attendance was not made available, but management does present rent by event category).

Table 5-20

Tulsa Convention Center Event Demand		
	# of Events	Total Attendance
Conventions/Tradeshows	22	78,964
Consumer Show	12	98,889
Meetings	36	43,410
Misc.	41	59,270
Total	111	280,533

Source: Tulsa Convention Center, Johnson Consulting

As the table shows, in 2005 the Tulsa CC held 111 events. Based on discussions with management, the bulk of the event calendar remains largely regional and local in its orientation, as the Tulsa CC increases it's marketing to larger groups, the number of events is expected to increase as is the quality of events.

Table 5-21 shows the 2003 financial statements the Tulsa CC.

Table 5-21

Tulsa Convention Center Financial Statements Year 2003	
	Total
Revenues	
Rent	\$714,010
Food and Beverage	585,029
Contract Service/ Other	686,011
Total	1,985,050
Expenditures	
Personnel	1,835,000
Professional Fees	150,000
Supplies	227,000
Utilities	661,000
Repair & Maint.	227,000
General & Administrative	186,000
Other	372,000
Total	\$3,658,000
Net Operating Income	(\$1,672,950)

Source: Tulsa Convention Center

In 2005, the Tulsa CC incurred an operating deficit of \$1.7 million on revenues of \$2.0 million and expenses of \$3.7 million.

Potential User and Association Survey

On Johnson Consulting's behalf, *Tradeshow Week* conducted a survey to determine meeting planners' assessment of Tucson. While results cannot be relied upon to generate absolute numbers, they provide clear insight into the decision-making of state association meeting planners. The responses are detailed in Appendix II of this report.

Most of the meeting planners surveyed said that the current exhibit space and meeting space was average to poor at the TCC. A majority of the planners said that they do not even consider the TCC or Tucson for events due to both the small space available for exhibits and breakout space and the market not even being on its radar screen. An addition of meeting space, a second ballroom and exhibit space will draw in more and larger conventions that are not held at the convention center.

Additional issues addressed by respondents were lack of adequate hotel space and night life downtown. The proposed new headquarter hotel project should reduce this issue, but the lack of night life and entertainment downtown is a broader city issue and does not apply directly to the convention center improvement plan itself.

Building Program Recommendations

The City of Tucson is way behind its peers in convention center and arena redevelopment and downtown redevelopment. Because of this its hotel supply supporting the convention center is deficient as well. This is the case even though Tucson has a large and growing population and a resort-like image nationally. The Rio Nuevo project, West Side Cultural Plaza in the City's downtown present a major opportunity for the community if they are leveraged.

Based on the market demand, current physical issues and opportunity for future business, our initial recommendations include following improvements:

- An overall upgrade and facelift for the complex.
- Addition of an approximate 30,000-square foot ballroom in close proximity to the exhibit hall.
- Replace the dilapidated arena with 20,000 square feet of exhibit space along with new meeting space.
- Reconfigure the breakout rooms to provide a total of over 30,000 square feet of meeting space.

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- Improvement of all systems, especially HVAC, as well as finishes, amenities, and circulation area.
- Consideration for future expansion.
- An image that evokes a Tucson experience.

Currently, there are 10,640 square feet of meeting rooms, 20,100 square feet of ballroom space, and 113,000 square feet of exhibit hall space. The reconfigured space will allow for 31,200 square feet of breakout meeting rooms, 48,400 square feet of ballroom space, 133,900 square feet of exhibit space, public circulation/pre-function space, provide dedicated back-of-house space.

In our opinion, the existing site is good and the proposed cultural district is very appropriate. With these expansion recommendations, a headquarters hotel and an arena function removed from the center, the TCC will become a highly effective and balanced venue. Planning and execution of these relationships is critical.

Table 5-22 shows the initial suggestions of expansion program to the TCC.

Table 5-22

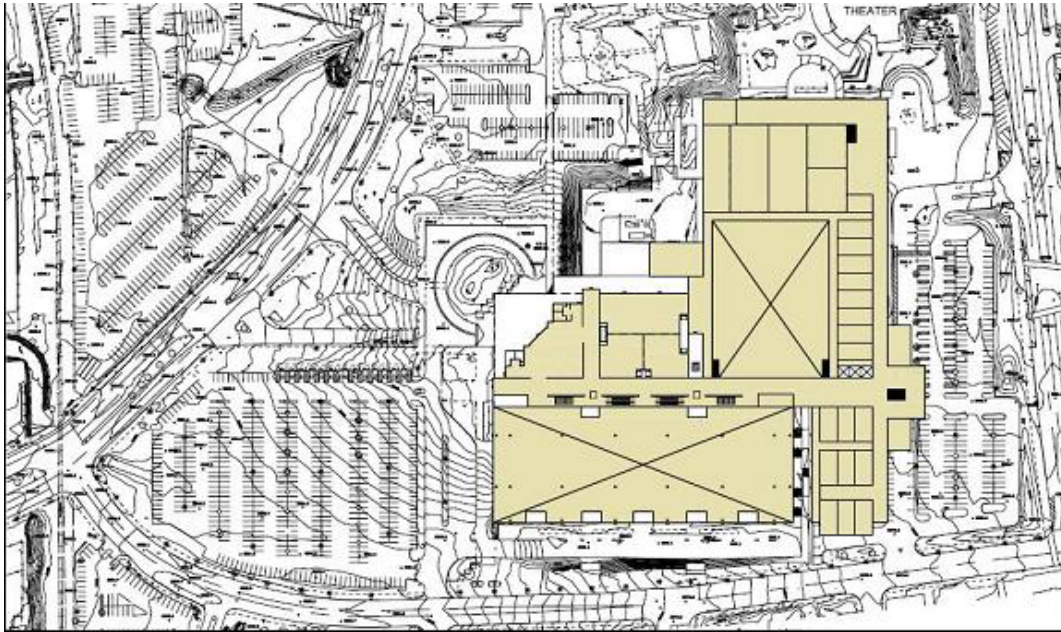
Tucson Convention Center Suggested Expansion Program					
		Existing Size	Suggested Additions (Approx.)*	Total Built- Out	Increase
Priority I	Add Meeting Rooms w/ Pre-Function Area	10,640	21,260	31,900	3.0 x
Priority II	Add Ballrooms w/ Pre-Function Area	20,164	28,236	48,400	2.4 x
Priority III	Expand Exhibition Hall w/ Pre-Function Area	113,940	19,960	133,900	1.2 x
Total		144,744	69,456	214,200	
<i>Ratio of Meeting Rooms to Exhibit Hall</i>		9%		24%	
<i>*Reflects NET additions. Demolished space needs to be replaced.</i>					
<i>**Preferably in various sizes, with the capability to be used separately.</i>					
<i>***Pre-Function area should be large enough to accommodate light food service, e.g., during breaks.</i>					
<i>Source: Johnson Consulting</i>					

The existing facility has a low overall ratio of meeting and ballroom space to exhibit space. This imbalance has led to a difficult operation at the current facility. As stated previously, the lack of meeting rooms has inhibited the overall performance of the facility. A second ballroom and a major increase in meeting space will result in a

very competitive venue and also allow the complex to host simultaneous and back to back events as well as more social events.

Figure 5-7 shows the proposed configuration of the expanded facility. One of the key aspects of the renovation of the existing space is the conversion of the arena to exhibit and breakout meeting rooms.

Figure 5-7



Subsequently, HNTB Architecture has also prepared the implementation plans of the facility improvements and presented the concepts and schedules, as summarized in Appendix I of this report.

Implications

Arizona is a state that heavily favors its large metropolitan areas as meetings destination due to their more centralized locations, especially given the geographic size of the state. In our opinion, as Phoenix's Civic Plaza expansion comes on line, it will move more into a national competitive situation.

As illustrated by the comparable facilities, Tucson is way behind in its facility expansion, and removal of its arena from its facility, separating functions. From an image standpoint, Tucson can fit into the resort and quality realm of Palm Springs and Palm Beach, both of which have developed improved downtowns and high image convention facilities. The existing convention center site is good and the

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proposed development around it is consistent with what is evolving around such facilities nationally. In our opinion, Tucson must offer a complex with an above average amount of meeting and ballroom space, a good hotel package and an improved adjacent environment to be successful.

VI. DEMAND AND OPERATING PROJECTIONS

DEMAND AND OPERATING PROJECTIONS

Johnson Consulting developed event demand and operating projections of the renovated Tucson Convention Center (TCC). The projections are based upon the following assumptions:

1. The Tucson Convention Center Complex as a whole remains under the stewardship of City of Tucson, but the arena is privately managed, and neither the arena nor the performing arts center revenue or expenses are in this projection.
2. There is a paradigm shift in operations which results in a convention, conference and food service focus for the Tucson Convention Center (TCC) and that the Complex is aggressively marketed. This represents a shift from the current focus, influenced by the arena's operation within the convention center, and because of the expansion, the better meeting and ballroom capabilities within the complex.
3. In order to control customer service, the projection assumes that certain support services provided by the City will become operated by the TCC itself.
4. The Metropolitan Tucson Convention and Visitors Bureau (MTCVB) is believed to be doing a good job focusing on multiple hotel events and its efforts will be enhanced with an improved facility.
5. Hotel supply and the adjacent hotel supply around the center are improved as proposed.
6. The planned facility improvements as conceptually presented by HNTB Architecture and summarized in Appendix I are implemented for Area A, B, C, D, and F, which include:
 - A total of 113,940 square feet of existing exhibit space (89,760 square feet in the Main Exhibit Hall and 24,180 square feet in the North Exhibit Hall),
 - An additional 32,250 square feet of exhibit space, for a total of 66,000 square feet of exhibit space, on the renovated Arena floor,
 - New 30,000 square foot ballroom, and
 - New 34,200 square feet of meeting space (18,000 square feet in South Meeting Rooms and 16,200 square feet in East Meeting Rooms).

With these proposed physical improvements, the projected event demand, operational changes, and financial proforma are shown below.

Convention Center Demand Projections

Johnson Consulting projected the performance for the expanded Convention Center for the first ten years of operation. Table 6-1 summarizes the projected event schedule for the facility by event type, assuming the expanded facility opens in 2009.

Table 6-1

Projected Events at Renovated Tucson Convention Center											
Event Type	2005	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exhibit Events											
Conventions and Trade Shows	14	20	21	22	23	24	24	24	24	24	24
Consumer Shows	33	38	39	40	41	42	42	42	42	42	42
Sub-total Exhibit Hall	47	58	60	62	64	66	66	66	66	66	66
Non-Exhibit											
Banquets and Receptions	31	46	48	50	52	54	54	54	54	54	54
Corporate	10	20	21	22	23	24	24	24	24	24	24
SMERF Events	68	88	91	94	97	100	100	100	100	100	100
Miscellaneous	22	35	36	37	38	39	39	39	39	39	39
Sub-total Non-Exhibit	131	189	196	203	210	217	217	217	217	217	217
Total	178	247	256	265	274	283	283	283	283	283	283

Source: Johnson Consulting

In the first year of expanded operation, the renovated TCC is projected to host 247 events. The exhibit hall is projected to host 58 events, including 20 conventions or trade shows and 38 consumer show and other events. Of the 247 events, 189 non-exhibit events are projected for the convention center's ballroom and meeting space. By its stabilized year of operation (2013), the renovated TCC is projected to host 24 conventions or trade shows, and 42 consumer shows and other events. Total event activity is expected to be 283 events.

Table 6-2 displays the event demand at facilities comparable to the expanded TCC as well as the projected demand of the TCC after renovation.

Table 6-2

Comparable Facility Event Demand Number of Events								
Event Type	Salt Palace Convention Center	Spokane Convention Center	Fort Worth Convention Center	Tulsa Convention Center	Current Tucson Convention Center	Projections for 1st Yr Convention Center	Change + / -	Comments
Conventions/ Tradeshows	43	18	29	22	14	20	+6	Increased meeting space will induce demand for more conventions
Consumer Shows	9	25	4	12	33	38	+5	Increased meeting space will induce demand for more consumer shows
Banquet	7	incl. 58	13	--	14	24	+10	
Reception	--		24	--	17	22	+5	
Meetings/ Seminars*	56	incl.	364	36	78	108	+30	Increased meeting space will induce demand for more meetings
Sporting Events	5	--	--	--	--	--	na	
Miscellaneous	64	94	47	41	22	35	+13	Increased meeting space will induce demand for more events
Total	184	195	481	111	178	247		

**Includes Corporate, government, religious, and educational events
Source: Johnson Consulting*

Additional information to the comparable facility event demand data shown above include the following:

- Exhibit events at Salt Palace Convention Center consist of more conventions and trade shows than consumer shows, because of the many of the consumer shows in Salt Lake City metro area are accommodated in the South Towne Exposition Center, which is located in an upscale suburban area 15 miles from the convention center. We assume that with redevelopment of the Rio Nuevo area, both consumer shows and conventions and tradeshows will be kept at the TCC, in order to support area retail, hotel and redevelopment efforts.
- The 43 exhibit events annually reflects the existing Spokane Convention Center operations in 2005. A new expansion was recently completed in June 2006, with 100,160 square feet of exhibit space and 61,600 square feet of ballroom and meeting space. With the expansion, the facility is expected to accommodate higher number exhibit events. There is also the Trademart, located in downtown, which hosts several of the meeting events included in the figures above.
- In Fort Worth, in addition to the Fort Worth Convention Center (FWCC), exhibit events (conventions, trade shows, and consumer shows) are also accommodated in Will Rogers Memorial Center, located three miles away

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from the FWCC, which explains the relatively modest exhibit event demand at the FWCC (only 33 exhibit events, total). As for the non-exhibit events, the reported 364 meetings and seminars include SMERF (Social, Military, Educational, Religious, and Fraternal) events and free community program events.

- The relatively modest event demand at Tulsa Convention Center reflects an atypical operating calendar year in which the facility is undergoing an expansion. Upon expansion, the convention center is projected to host a total of 143 events.

Based on the comparable convention centers, the existing Tucson Convention Center holds less events then the rest (except for Tulsa Convention Center). Upon expansion, Tucson Convention Center is expected to be able to generate substantially higher demand and perform at levels above the comparable facilities, if its hotel supply is improved and if the arena function is removed from the TCC's operation.

Table 6-3 summarizes the projected total annual attendance at the expanded Convention Center by event type. The projections assume that the average attendance of most types of events in 2009 will be similar to that in 2005. One exception is the average attendance of consumer shows, which is expected to increase from 1,300 in 2005 to 3,000 in 2009, closer to average attendance of consumer shows and trade shows.

Table 6-3

Projected Attendance at the Renovated Tucson Convention Center											
Event Type	2005	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exhibit Events											
Conventions/ Trade Shows	38,902	56,000	59,400	62,900	66,500	70,100	70,300	70,600	70,800	71,000	71,300
Consumer Shows	42,627	114,000	118,200	122,400	126,700	131,000	132,300	133,600	134,800	136,100	137,300
Sub-total Exhibit Hall	81,529	170,000	177,600	185,300	193,200	201,100	202,600	204,200	205,600	207,100	208,600
Non-Exhibit											
Banquets and Receptions	9,275	13,400	13,700	14,400	14,900	15,500	15,500	15,500	15,500	15,500	15,500
Corporate	4,600	9,400	9,600	10,700	11,000	11,500	11,600	11,600	11,700	11,800	11,800
SMERF Events	49,264	64,100	66,900	70,300	72,400	75,500	76,100	76,800	77,400	78,100	78,700
Miscellaneous	31,121	49,400	51,200	53,700	54,900	58,100	58,700	59,200	59,800	60,300	60,900
Sub-total Non-Exhibit	94,260	136,300	141,400	149,100	153,200	160,600	161,900	163,100	164,400	165,700	166,900
Total	175,789	306,300	319,000	334,400	346,400	361,700	364,500	367,300	370,000	372,800	375,500

Source: Johnson Consulting

As shown in the table, total attendance is projected to be 306,300 in 2009. In 2013, attendance is projected to increase to 361,700, and in 2018, 375,500.

Convention Center Operating Projection

Table 6-4 presents the projected operating statement for the facility's first ten years of operation. The projection uses inflated dollars and accrual-based accounting, wherein revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues include all revenues of the Convention Center that can be used for operations. Revenue and expenses are inflated at a 2.5 percent annually.

The projection is shown for the convention center component of the operation only, and does not reflect the new arena or the existing performing arts center operation. Based on discussions with management, Johnson Consulting has instituted both a \$2.00 facility fee on ticketed events, as well as a 9.0 percent of rent invoices, which are to be dedicated to facility maintenance and reserves. But for these charges, when the expanded operation stabilizes, the renovated Convention Center operates close to a \$150,000 deficit, consistent with industry standards.

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Table 6-4

Renovated Tucson Convention Center - Pro Forma Operating Statement of Revenue and Expenses (\$000's, Inflated)										
<i>Line</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Event Revenue										
1 Space Rental	\$1,023	\$1,083	\$1,155	\$1,225	\$1,303	\$1,336	\$1,369	\$1,404	\$1,439	\$1,475
2 Net Food and Beverage	715	765	826	877	942	973	1,004	1,036	1,069	1,103
3 Equipment Rental and Services	123	130	139	147	156	160	164	168	173	177
4 Sub-total	\$1,860	\$1,978	\$2,119	\$2,250	\$2,402	\$2,469	\$2,537	\$2,608	\$2,680	\$2,755
Other Revenue										
5 Advertising and Sponsorships	\$50	\$51	\$53	\$54	\$55	\$57	\$58	\$59	\$61	\$62
6 Facility Ticket Fee	228	236	245	253	262	265	267	270	272	275
7 Facility Service Charge	101	107	114	121	129	132	135	139	142	146
8 Other Revenue	39	41	44	47	50	52	53	54	56	57
9 Sub-total	\$418	\$436	\$456	\$475	\$496	\$505	\$514	\$522	\$531	\$540
10 Total Operating Revenue	\$2,279	\$2,414	\$2,575	\$2,725	\$2,899	\$2,974	\$3,051	\$3,130	\$3,212	\$3,295
Expenses										
11 Salaries and Wages	\$715	\$737	\$759	\$782	\$805	\$829	\$854	\$880	\$906	\$934
12 Employee Benefits	229	236	243	250	258	265	273	282	290	299
13 Contractual Services	172	177	182	188	193	199	205	211	218	224
14 Maintenance and Repairs	367	389	411	435	460	471	483	495	508	520
15 Utilities	419	444	470	497	526	539	552	566	580	595
16 Sales and Marketing	125	128	131	135	138	141	145	149	152	156
17 General and Administrative	107	110	112	115	118	121	124	127	130	134
18 Insurance	79	81	83	85	87	90	92	94	97	99
19 Other Operating Expenses	57	59	61	64	66	68	70	72	74	76
20 Reserves (1) - from Facility Ticket Fee	228	236	245	253	262	265	267	270	272	275
21 Reserves (2) - from Facility Service Charge	101	107	114	121	129	132	135	139	142	146
22 Total Expenses	\$2,599	\$2,705	\$2,813	\$2,926	\$3,043	\$3,121	\$3,202	\$3,285	\$3,370	\$3,457
23 Net Operating Income	(\$321)	(\$290)	(\$237)	(\$201)	(\$144)	(\$147)	(\$151)	(\$154)	(\$158)	(\$162)

Source: Johnson Consulting

The assumptions and methodology used to estimate the financial performance of the facility are described in the following subsections.

Operating Revenues

The following text describes the individual line items listed in Table 3-4.

- **Space Rentals (Line 1)** - include the temporary rental of the existing exhibition space in the Exhibit Halls, the exhibit/ ballroom space at the renovated Arena floor, and the new meeting rooms for events. It is believed that the existing exhibit hall rental rates at the TCC are under-priced; therefore, the assumptions of rental revenue are based on the existing rates, adjusted upward by 10 percent, and adjusted proportionately to the new size. The rates for move in-out days are 50 percent of those for show days. Table 6-5 summarizes the projected space rental rates for event.

Table 6-5

Effective Rental Rate Assumptions		
Revenue	Base	Unit
Exhibit Hall Rental (Stabilized)	\$7,240	per show day (full hall)
	\$3,620	per move in-out day (full hall)
Ballroom Rental (Stabilized)	\$3,500	per show day (full arena floor)
	\$1,750	per move in-out day (full arena floor)
Meeting Room Rental	\$3,225	per show day (all rooms)
	\$1,613	per move in-out day (all rooms)
Source: Johnson Consulting		

The MTCVB and the Center have a fund to offset rental discounts for conventions and trade shows in the amount of \$150,000 annually (inflated for future years). The management is also proposing that 9 percent of the rent invoices is dedicated to reserves for replacement and facility upgrades, and in the proforma this 9-percent amount is taken out from Space Rental revenue line and shown separately as Facility Service Charge (Line 7).

- **Net Food and Beverage Services (Line 2)** - are based on event attendance, and reflect net sales that the renovated TCC will generate through its events in concessions, catered meals, and other services such as coffee break services for meetings. If the area improves as proposed, the food and beverage opportunities are believed to be substantial. The projections are based on per capita food and beverage revenues, estimated to reflect an expectation of the quality in the facility. It is assumed that the renovated TCC designates an in-house catering and receives a commission from the

caterer: 25 percent from consumer shows and 18 percent from all other types of events. Table 6-6 shows the assumptions for per capita food and beverage revenue.

Table 6-6

Gross Food and Beverage Service Assumptions		
Revenue	Base	Unit
Conventions and Trade Shows	\$18.00	per attendee
Consumer Shows	\$3.00	per attendee
Corporate Events	\$22.00	per attendee
Banquets and Seminars	\$18.00	per attendee
Meetings and Conferences	\$18.00	per attendee
<i>Source: Johnson Consulting</i>		

- ***Equipment Rental and Services (Line 3)*** - includes revenue from services and reimbursements for labor provided to exhibitors and other facility users. Facilities charge its users for a range of services, including electrical, cleaning, telephone, Internet, decorating, audio-visual, and security services. The facility will receive revenue from the provision of these services, either through direct charges for services provided by facility staff, or through shared revenues from services provided by third-party vendors. It is assumed that such revenue will amount to 12 percent of space rental revenue. The costs of temporary labor for stagehands, police, ushers and paramedics, and others, are recovered from facility tenants.
- ***Advertising and Sponsorships (Line 5)*** - the renovated TCC's design is expected to include opportunities for signage in several strategic locations in the exhibition hall, concourses, and other areas, which would allow the facility to generate advertising revenue. The total value of advertising inventory in the Convention Center is projected to be \$50,000, inflated each year.
- ***Facility Ticket Fee (Line 6)*** - is assumed at \$2.00 per ticket at ticketed consumer shows, which will flow into Reserve for Replacements fund.
- ***Facility Service Charge (Line 7)*** - As it has been a common practice at hotels for 7-8 years now, though not at convention centers (although examples exist), the management is also proposing that 9 percent of rent invoices is dedicated to reserves for replacement and facility upgrades.
- ***Other Revenues (Line 8)*** - other revenues includes any revenue from other sources that do not fit into previous categories, including interest generated from facility revenues. Examples include vending commissions, or interest

income. The projection estimates that Other Revenue will amount to approximately 2.0 percent of total revenues.

Expenses

Table 6-7 shows a summary of the assumptions utilized for projections of the operating expenses.

Table 6-7

Expense Assumptions		
Expenses	Base	Unit
Salaries and Wages	--	see Salary Table
Employee Benefits	32%	% of salaries
Contractual Services	24%	% of salaries
Maintenance and Repairs	\$700	per event day
Utilities	\$800	per event day
Sales and Marketing	\$125,000	per year
General and Administrative	\$0.50	per SF of function space
Insurance	\$0.37	per SF of function space
Other Operating Expenses	2.5%	% of sub-total
Reserve For Replacement	100%	of Facility Ticket Fee and Service Charge
<i>Source: Johnson Consulting</i>		

- **Salaries and Wages (Line 11)** – is based on the proposed staffing schedule as provided by the management of Tucson Convention Center, to which Johnson Consulting made an adjustment by adding positions. Table 6-8 summarizes the staffing schedule, showing 21 full-time positions.

Table 6-8

Renovated Tucson Convention Center Proposed Staffing Schedule			
	Annual Salary	% Allocated to TCC	Salary of TCC
Prorated Positions			
Director	\$123,344	60%	\$74,006
Deputy Director	88,587	60%	53,152
Administrator	72,280	40%	28,912
Ticket Office Manager	57,844	20%	11,569
Sales Manager	65,312	75%	48,984
Event Services Manager	51,230	60%	30,738
Event Coordinators (2)	78,498	60%	47,099
Operations Services Manager	68,161	60%	40,897
Executive Secretary	42,785	60%	25,671
Office Clerk	28,225	70%	19,758
Dedicated Positions			
Accounting Manager	→	100%	65,300
Sales/ Booking Coordinator	→	100%	39,200
Event Coordinator	→	100%	39,200
Marketing/ Administrative Assistant	→	100%	25,000
Operation Workers (4)*	→	100%	100,000
Security Manager	→	100%	40,000
Receptionists	→	100%	26,000
Total	\$676,266		\$715,485
*Including in-house Technician/ Mechanics			
Source: Tucson Convention Center, Johnson Consulting			

It should be noted that the salaries of current positions are shared with the Theater and Music Hall, while those of additional positions are 100 percent allocated to TCC.

- **Employee Benefits (Line 12)** – are estimated as a percent of Wages and Salaries expense. Employee benefits include workers' compensation, taxes, health and life insurance, vacation, and pension benefits. Benefits are assumed to be 32 percent of wages and salaries expense each year.
- **Contractual Services (Line 13)** – reflects expenses for temporary labor and other contractual services, and is assumed to amount to 24 percent of annual salaries and wages.
- **Maintenance and Repairs (Line 14)** – reflects regular maintenance and repair to the building. The projected amounts are calculated based on facility usage for exhibit hall events at \$700 per event day.

- **Utilities (Line 15)** – reflect the facility’s utility cost and are based on the volume of activity in the convention center (usage of the facility will spike utility usage) as well as a base amount for continuous utility service for the total building space. The projections assume a rate of \$800 per event day from exhibit hall events.
- **Sales and Marketing (Line 16)** – reflects the expense incurred by the facility for marketing activities such as the purchase of media space and production of marketing materials and brochures. Much of the expense related to the production and printing of materials will be part of the facility’s pre-opening budget. In addition, the MTCVB will take responsibility for a portion of the facility’s long-term sales and marketing effort. Advertising and marketing expenditures are projected to be \$125,000.
- **General and Administrative (Line 17)** – expenses are related to expenditures for staff training, travel, registrations and memberships, printing, postage, and other expenses. Based on the experience of similar facilities, general and administrative expense is projected to be \$0.50 per square foot of function space.
- **Insurance (Line 18)** – this projected expense is based on the premiums paid by facilities that are similar to the renovated and expanded Convention Center, based on facility size at \$0.37 per square foot of function space.
- **Other Operating Expenses (Line 19)** - include miscellaneous expenses, uniforms, tools, small equipment, dues and subscriptions, and transportation. These expenses are estimated as 2.5 percent of all other expenses.
- **Reserve for Replacement (Line 22 and 23)** – Generally, a facility will make annual contributions to a reserve for replacement account, which would fund capital projects such as roof replacement or new carpeting. The projections assumed that for the renovated TCC, there are two sources for reserve for replacement account. The first source is the Facility Fee (\$2.00 per consumer show ticket), and the other source is the Facility Service Charge (9 percent of space rental revenue). These are specifically set aside for this purpose.

Conclusion

The renovated Tucson Convention Center will attract new users due to the expansion of the facility. The expanded TCC is projected to operate at a deficit of approximately \$321,000 in 2009. The deficit is estimated to decrease to \$144,000 in 2013 when the expanded operation stabilizes, and vary slightly in response to

inflationary rate in later years. An expanded facility is crucial to the success of the Tucson Convention Center as organizations continue to grow and outgrow the current space provided.

VII. ECONOMIC AND FISCAL IMPACT ANALYSIS

ECONOMIC AND FISCAL IMPACT ANALYSIS

This section analyzes the estimated economic and fiscal impacts that would be generated by event activities at the renovated Tucson Convention Center (TCC) and arena complex. Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. Fiscal impacts are tax revenues that would be generated from those spending. The projections are based on Johnson Consulting's prior development of economic analyses for other exposition and convention centers, sporting facilities, and events, and specific knowledge of the Tucson marketplace. While these are mathematical calculations, which are based on experience seen in numerous other settings, perhaps the most important thing to visualize is what will happen to Tucson as a community. By building these venues, the City is investing in its downtown, and will both attract people from outside the region to Tucson and also play host to hundreds of thousands of residents of the region within the Rio Nuevo Tax Increment Financing (TIF) District.

The analysis is based on event demand, attendance, and activities in the renovated TCC as described in Section 6 of this report. The events' economic impact is measured by the estimated local spending by non-local residents whose main purpose of visitation is to attend the events that are being analyzed. "Transfer" spending by local residents, which is defined later in this text, while not considered an economic impact that is new to the region, it is quantified in this report and shown separately from net new economic impacts. This is a crucial amount of new spending that will be coming to the TIF District as the projects are developed.

In the analysis, these levels of economic impact are measured:

- **Direct Impacts** – are an expression of the spending that occurs as a direct result of the events and activities that occur in the facility being analyzed. For example, a trade show attendee's expenditures on hotel rooms and meals are a direct economic impact.
- **Indirect Impacts** – consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the facility. For example, an attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.
- **Induced Impacts** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the trade show attendee's visit. The amount of

the increased income the waiter spends in the local economy is considered an induced impact.

- ***Increased Earnings/ Personal Income*** - measures increased employee and worker compensation related to the events and activities at the facility being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expressed how the employees of local businesses share in the increased outputs.
- ***Employment Impact*** - measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring in the convention center. Employment impact is stated in a number of full-time equivalent jobs.

This analysis differentiates impacts from spending by people coming from out-of-town and by local residents, as defined below:

- ***Net New Spending*** - is spending by out-of-town attendees, buyers, exhibitors, guests, and other visitors who come to events at the renovated TCC from throughout the nearby region, the balance of the US, and the world. Their spending represents the amount of "new dollars" that flow into the metro area economies, especially downtown's economy.
- ***Transfer Spending*** - In strict economic terms, spending by local residents, or those who live in the market area, represents "transfer" spending. For example, a resident of Tucson who attends a consumer show at the renovated TCC would transfer income from one sector of the region's economy to in large measure to the TIF District.

In this report, economic and fiscal impacts are presented in two manners. First, total spending - by visitors as well as by local residents - is shown in order to demonstrate the total impact of event activities at the renovated TCC. This is because all of this event-related spending would be lost from Tucson metro area should the events relocate to another market. Secondly, out-of-town visitors' and local residents' spending is then separated out, to demonstrate the level of "net new" and "transfer" economic and fiscal impacts. Net new impacts are those that are absolutely new to the region, a large portion of which occur in the TIF District. Transfer spending recognizes incremental spending relocated from elsewhere in the region and large measure shifted to the TIF district.

The reason for the above distinction is for credibility. Economists generally limit actual economic and fiscal impact to spending by out-of-town visitors, or "net new" only. Local residents' spending is considered "transfer," or substitute spending that would have theoretically taken place locally on some other activity. While we use this strict economist definition, we also present the transfer spending because it essentially represents the amount of spending by local residents that will be

recaptured within the Tucson downtown area when the Tucson Convention Center is expanded and downtown becomes more attractive. Otherwise, they would travel away from downtown and spend money elsewhere. This loss expenditure would represent a true loss of economic activity from the marketplace. The economist's view is very conservative, especially in a situation like Tucson's, where the project's finance plan is based on incremental TIF taxes. Every dollar that comes to the TIF district, over and above what occurs today whether it is net new or transfer, is new to the District and accomplishes what the City desires- increased spending in the heart of the community.

The economic and fiscal impact analysis of the planned Multi-Purpose Arena in downtown Tucson, using the same methodology, is also discussed, at the end of this section.

Economic Impacts of Convention Center

The economic and fiscal impact is based on the market and financial analysis for the renovated TCC, and included in the analysis is an annual projection of event and attendee demand for the facility. As summarized in Table 7-1, in the first stabilized year of operation (2013), the renovated TCC is projected to host a total of 283 events, generating approximately 361,700 attendees.

Table 7-1

Renovated Tucson Convention Center Projected Events and Attendance, Year 2013		
	# of Events	# of Attendees
Exhibit Events		
Conventions/ Trade Shows	24	70,100
Consumer Shows	42	131,000
Sub-total	66	201,100
Non-Exhibit Events		
Banquets	54	15,500
Corporate	24	11,500
SMERF Events	100	75,500
Miscellaneous	39	58,100
Sub-total	217	160,600
Total	283	361,700

Source: Johnson Consulting

The number of days that an attendee spends in the market (person-days) serves as the basis of the economic impact estimate. Based on the assumed event attributes shown in Table 7-2 below, the renovated TCC's projected events and attendance

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translate to approximately 297,500 local attendee-days, 312,300 non-local attendee-days, and 138,700 room nights, as summarized in Table 7-2.

Table 7-2

Renovated Tucson Convention Center Calculation of Projected Attendee-Days and Room Nights										
	# of Attendees	Event Length (Days)	Spouse Ratio	Attendees' Length of Stay in Tucson	Total Attendee Days	% Local	# of Local Attendee-Days	# of Non-Local Attendee-Days	% Require Lodging	# of Room Nights*
Exhibit Events										
Conventions/ Trade Shows	70,100	3.2	40%	1.6	157,000	20%	31,400	125,600	80%	71,800
Consumer Shows	131,000	2.9	20%	0.9	136,800	75%	102,600	34,200	20%	5,700
Sub-total	201,100				293,800		134,000	159,800		77,500
Non-Exhibit Events										
Banquets	15,500	1.0	20%	0.3	5,600	60%	3,400	2,200	30%	600
Corporate	11,500	1.1	33%	0.7	10,100	60%	6,100	4,000	30%	900
SMERF Events	75,500	1.4	20%	0.4	38,100	60%	22,900	15,200	40%	5,100
Miscellaneous	58,100	4.7	20%	3.8	262,100	50%	131,100	131,100	50%	54,600
Sub-total	160,600				315,900		163,500	152,500		61,200
Total	361,700				609,700		297,500	312,300		138,700

Source: Johnson Consulting

In addition to the event attendees, there will be exhibitors, or booth personnel, attending the exhibition events (conventions, trade shows, and consumer shows). The estimated number of exhibitors are based on 2005 TradeShow 200 statistics, which reveal that the average number of exhibitors is 34.8 percent of average attendance in trade shows/ conventions, and 4.5 percent in consumer shows. As a result, based on the projected attendees in the renovated TCC, the number of exhibitors are estimated to be 30,300, as shown in Table 7-3 below. Table 7-3 also shows the assumptions and calculation for the estimated exhibitor-days and exhibitor-related room nights.

Table 7-3

Renovated Tucson Convention Center Calculation of Projected Exhibitor-Days and Room Nights									
	Total Exhibitors	Event Length (Days)	Exhibitors' Length of Stay in Tucson	Total Exhibitor-Days	% Local	# of Local Exhibitor-Days	# of Non-Local Exhibitor-Days	% Require Lodging	# of Room Nights
Conventions/ Trade Shows	24,400	3.2	3.5	85,900	35%	30,065	55,835	100%	31,900
Consumer Shows	5,900	2.9	3.2	18,800	35%	6,580	12,220	100%	2,000
Total	30,300			104,700		36,645	68,055		33,900

Source: Johnson Consulting

As shown in the table, the estimated 30,300 exhibitors at the renovated TCC events are estimated to generate approximately 104,700 exhibitor-days, including approximately 36,645 local and 68,055 non-local. These non-local exhibitor-days are estimated to generate 33,900 room nights.

As the basis for direct spending estimates for the economic impact analysis, Johnson Consulting used the average daily spending per attendee and per exhibitor as shown in Table 7-4. Also shown is daily spending by associations that the attendees belong to, presented in a per-attendee basis, as estimated by Destination Marketing Association International (DMAI).

Table 7-4

Renovated Tucson Convention Center Assumptions of Daily Spending			
	Attendees	Associations*	Exhibitors
Lodging and Incidentals	\$113.90	\$0.00	\$113.90
Eating and Drinking	86.59	9.91	40.64
Recreation and Entertainment	8.55	0.00	0.00
Sporting Events	0.88	0.00	0.00
General Retail	32.81	0.00	0.00
Local Transit	21.71	0.43	3.73
Car Rental	7.90	0.00	3.73
Booth Rental and Event Services	0.00	26.02	97.38
Total Daily Spending per Person	\$272.35	\$36.36	\$259.37

**Represents association spending per delegate/ attendee.*
Source: DMAI ExPact 2004, US General Services Administration, Johnson Consulting

Estimated spending on lodging and incidentals is based on the estimated prevailing average daily rate (ADR) for a convention hotel. The estimated spending on all other categories are derived from 2004 Convention Expenditure and Impact Study (ExPact Study) by DMAI, inflated to reflect 2006 dollars.

Multiplying the number of attendee-days, exhibitor-days, and room nights calculated in Table 7-2 and Table 7-3 to the appropriate daily spending shown in Table 7-4 above will result in the total amount of direct spending, both "transfer" (incurred by locals) and "net new" (incurred by non-locals). The calculation is shown in Table 7-5.

Table 7-5

Renovated Tucson Convention Center Estimates of Spending by Attendees, Associations, and Exhibitors by Category of Events												
	Attendee Spending			Association Spending			Exhibitor Spending			Total Attendee, Association, Exhibitor Spending		
	Local	Non-Local	Total	Local	Non-Local	Total	Local	Non-Local	Total	Local	Non-Local	Total
Conventions/ Trade Shows												
Lodging and Incidentals	\$0	\$8,178,020	\$8,178,020	\$0	\$0	\$0	\$0	\$3,633,410	\$3,633,410	\$0	\$11,811,430	\$11,811,430
Eating and Drinking	2,718,947	10,875,787	13,594,733	311,248	1,244,994	1,556,242	1,221,788	2,269,035	3,490,823	4,251,983	14,389,815	18,641,799
Recreation and Entertainment	268,497	1,073,987	1,342,484	0	0	0	0	0	0	268,497	1,073,987	1,342,484
Sporting Events	27,649	110,597	138,246	0	0	0	0	0	0	27,649	110,597	138,246
General Retail	1,030,348	4,121,393	5,151,741	0	0	0	0	0	0	1,030,348	4,121,393	5,151,741
Local Transit	681,569	2,726,275	3,407,844	13,415	53,658	67,073	112,098	208,182	320,281	807,082	2,988,116	3,795,198
Car Rental	0	992,705	992,705	0	0	0	0	208,182	208,182	0	1,200,888	1,200,888
Booth Rental and Event Services	0	0	0	817,000	3,267,999	4,084,998	2,927,662	5,437,086	8,364,748	3,744,662	8,705,085	12,449,747
Total	\$4,727,010	\$28,078,764	\$32,805,774	\$1,141,663	\$4,566,651	\$5,708,314	\$4,261,548	\$11,755,896	\$16,017,444	\$10,130,221	\$44,401,311	\$54,531,532
Consumer Shows												
Lodging and Incidentals	\$0	\$649,230	\$649,230	\$0	\$0	\$0	\$0	\$227,800	\$227,800	\$0	\$877,030	\$877,030
Eating and Drinking	8,884,202	2,961,401	11,845,602	1,017,009	339,003	1,356,012	267,399	496,599	763,998	10,168,610	3,797,003	13,965,613
Recreation and Entertainment	877,318	292,439	1,169,757	0	0	0	0	0	0	877,318	292,439	1,169,757
Sporting Events	90,344	30,115	120,459	0	0	0	0	0	0	90,344	30,115	120,459
General Retail	3,366,679	1,122,226	4,488,906	0	0	0	0	0	0	3,366,679	1,122,226	4,488,906
Local Transit	2,227,037	742,346	2,969,383	43,832	14,611	58,443	24,534	45,563	70,096	2,295,403	802,519	3,097,922
Car Rental	0	270,307	270,307	0	0	0	0	45,563	45,563	0	315,869	315,869
Booth Rental and Event Services	0	0	0	2,669,559	889,853	3,559,413	640,746	1,189,956	1,830,702	3,310,305	2,079,809	5,390,114
Total	\$15,445,579	\$6,068,063	\$21,513,643	\$3,730,401	\$1,243,467	\$4,973,868	\$932,679	\$2,005,480	\$2,938,159	\$20,108,659	\$9,317,011	\$29,425,670
Any Others												
Lodging and Incidentals	\$0	\$6,970,680	\$6,970,680	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,970,680	\$6,970,680
Eating and Drinking	14,157,573	5,299,348	19,456,921	0	0	0	0	0	0	14,157,573	5,299,348	19,456,921
Recreation and Entertainment	1,398,065	523,312	1,921,377	0	0	0	0	0	0	1,398,065	523,312	1,921,377
Sporting Events	143,969	53,889	197,859	0	0	0	0	0	0	143,969	53,889	197,859
General Retail	5,365,030	2,008,195	7,373,224	0	0	0	0	0	0	5,365,030	2,008,195	7,373,224
Local Transit	3,548,933	1,328,408	4,877,341	0	0	0	0	0	0	3,548,933	1,328,408	4,877,341
Car Rental	1,292,256	483,707	1,775,963	0	0	0	0	0	0	1,292,256	483,707	1,775,963
Booth Rental and Event Services	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$25,905,825	\$16,667,539	\$42,573,365	\$0	\$0	\$0	\$0	\$0	\$0	\$25,905,825	\$16,667,539	\$42,573,365
Total All Events	\$46,078,414	\$50,814,367	\$96,892,781	\$4,872,064	\$5,810,118	\$10,682,182	\$5,194,227	\$13,761,376	\$18,955,603	\$56,144,705	\$70,385,861	\$126,530,566

Source: Johnson Consulting

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It is expected that the redevelopment of the Convention Center will significantly alter the profile of business held at the convention center. It is estimated that incrementally, seventy percent of the above spending will result because of redevelopment of the Center. Of that amount, it is estimated that seventy percent of the spending will be captured within the TIF District itself.

Table 7-6 breaks down the estimated total direct spending by location: within the TCC, outside the TCC but within the TIF District, and outside the TIF District. The amount of spending within the TCC is based on the renovated TCC proforma as shown in Table 6-4, Page 6, Section 6 of this report.

Table 7-6

Renovated Tucson Convention Center Estimated Direct Spending by Location				
	Total	In Convention Center*	Outside CC, in TIF District	Outside TIF
Lodging and Incidentals	\$19,659,140	\$0	\$13,761,398	\$5,897,742
Eating and Drinking	52,064,332	5,067,296**	32,897,925	14,099,111
Recreation and Entertainment	4,433,618	1,965,000***	1,728,032	740,585
Sporting Events	456,564	0	319,595	136,969
General Retail	17,013,871	0	11,909,710	5,104,161
Local Transit	11,770,461	0	8,239,323	3,531,138
Car Rental	3,292,720	0	0	3,292,720
Booth Rental and Event Services	17,839,861	1,588,738****	11,375,786	4,875,337
Total	\$126,530,566	\$8,621,034	\$80,231,769	\$37,677,763
<p style="text-align: center;">↘ ↙</p> <p style="text-align: center;">\$88,852,803</p> <p style="text-align: center;">Within TIF District</p>				
<p><i>*Based on Renovated TCC proforma, shown in Table 6-4, Page 6, Section 6 of this report.</i></p> <p><i>**Corresponds to gross food and beverage revenues in Renovated TCC proforma.</i></p> <p><i>***Reflects the estimated consumer show ticket revenues, assuming an average ticket price of \$15.</i></p> <p><i>****Corresponds to space rental as well as equipment and event services in Renovated TCC proforma.</i></p> <p><i>Source: Johnson Consulting</i></p>				

As shown in the table, of the \$126.5 million of total direct spending, approximately \$8.6 million is estimated to occur in the TCC, \$80.2 million outside TCC but still within the TIF District, and \$37.7 million is outside the TIF District. Total direct spending within the TIF District is \$88.85 million.

The impacts of this direct spending is subsequently calculated by utilizing the IMPLAN input-output model to estimate indirect and induced impacts. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced spending and

employment effects represent the estimated changes in the flow of income and goods caused by the direct spending associated with the new facility.

Based on the calculations and assumptions described thus far, Table 7-7 summarizes the total estimated economic impacts of the renovated TCC in a stabilized year of operation (Year 2013), including transfer impacts and net new impacts.

Table 7-7

Renovated Tucson Convention Center Summary of <u>Annual</u> Economic Impacts (in \$Millions)				
	Transfer Impacts	Net New Impacts (From Non- Locals)		Total
	(From Locals)	New to MSA	New to State	
Direct Spending	\$56.1	\$70.4	\$42.2	\$126.5
Indirect Spending	12.9	16.4	12.3	29.3
Induced Spending	21.2	26.8	19.8	48.0
Total Spending	\$90.3	\$113.6	\$74.3	\$203.9
Earnings	\$30.7	\$38.4	\$25.3	\$69.0
Employment (Full-Time Equiv. Jobs)	1,340	1,570	940	2,910

Source: Johnson Consulting

As shown in the table above, the renovated TCC is projected to generate \$203.9 million of total spending, \$69 million of increased earnings, and 2,910 full-time equivalent jobs in a stabilized year of operation. Transfer impacts are projected to include \$90.3 million in total spending, \$30.7 million in increased earnings, and 1,340 jobs. Net new impacts to Tucson metro area are projected to include \$113.6 million in total spending, \$38.4 million in increased earnings, and over 1,570 jobs. Net new impacts to the State of Arizona are projected to include \$74.3 million in total spending, \$25.3 million in increased earnings, and 940 jobs.

Using the same assumptions, the existing TCC, which hosted 178 events and generated 175,789 attendees in 2005, is expected to result in the following economic impact: 93,240 room nights, \$101.6 million of total spending, \$34.4 million of increased earnings, and 1,450 jobs that year. Subtracting these "baseline," pre-expansion impacts from the total annual post-expansion impacts shown previously in Table 7-7 will show the estimated incremental impact due to the facility expansion, as summarized in Table 7-8.

Table 7-8

Renovated Tucson Convention Center Summary of <u>Incremental</u> Economic Impacts due to Expansion (in \$Millions)				
	Transfer Impacts	Net New Impacts (From Non- Locals)		Total
	(From Locals)	New to MSA	New to State	
Direct Spending	\$29.8	\$33.7	\$20.2	\$63.5
Indirect Spending	6.9	7.8	5.9	14.7
Induced Spending	11.3	12.8	9.5	24.1
Total Spending	\$48.0	\$54.3	\$35.6	\$102.3
Earnings	\$16.3	\$18.4	\$12.1	\$34.6
Employment (Full-Time Equiv. Jobs)	710	750	450	1,460
<i>Source: Johnson Consulting</i>				

As shown in the table above, the expansion of the TCC is projected to generate incremental impact that includes \$102.3 million of total spending, \$34.6 million of increased earnings, and 1,460 full-time equivalent jobs. Incremental transfer impacts are projected to include \$48 million in total spending, \$16.3 million in increased earnings, and 710 jobs. Net new incremental impacts to Tucson metro area are projected to include \$54.3 million in total spending, \$18.4 million in increased earnings, and 750 jobs. Net new incremental impacts to the State of Arizona are projected to include \$35.6 million in total spending, \$12.1 million in increased earnings, and 450 jobs.

Fiscal Impacts of an Expanded Convention Center

For the purpose of determining fiscal impacts, Johnson Consulting analyzed sales tax revenues from spending, hotel/ motel tax, business privilege tax, auto rental tax, and sales tax generated within the Tax Increment Financing (TIF) District.

The fiscal impacts represent only a fraction of the overall spending impact to the economy, as they are only the public sector's increase in tax revenue resulting from the overall increased spending in the economy. Table 7-9 summarizes the estimates of annual fiscal impact in the renovated TCC's stabilized year of operation. It also shows the incremental fiscal impact due to the expansion, derived by subtracting estimated baseline, pre-expansion impact from the annual post-expansion impact.

Table 7-9

Renovated Tucson Convention Center Estimated <u>Annual</u> and <u>Incremental</u> Fiscal Impacts (\$000's)				
	Tax Rates	Annual Impact (Post Expansion 2013)		Incremental Impacts
		Taxable Spending	Tax Revenues	Tax Revenues
General Sales Tax				
State	5.60%	\$114,760	\$6,427	\$3,220
City	2.00%	114,760	2,295	1,150
Regional Transportation Authority	0.50%	114,760	574	287
Subtotal	8.10%		\$9,296	\$4,657
Hotel/ Motel Tax				
City	6.00%	\$19,659	\$1,180	\$542
City	\$1.00/ room night	172,600	173	79
Subtotal			\$1,352	\$621
Business Privilege Tax*	2.00%	\$17,840**	\$357	\$184
Auto Rental Tax***				
Airport Concession Fee	11.11%	\$3,293	\$366	\$173
Airport Surcharge (per transaction)	\$3.50	138,868	486	229
County Surcharge (per transaction)	\$3.50	138,868	486	229
Vehicle Rental Tax	3.00%	3,293	99	47
Subtotal			\$1,437	\$678
Total			\$12,441	\$6,140
TIF****				
At 60 percent capture rate		\$70,329	\$5,697	\$2,989
At 70 percent capture rate		\$80,613	\$6,530	\$3,371
*Applied on meeting room rental, equipment rental, food and beverage sales, room service, fax transmitting/ receiving, and similar other services provided in hotel.				
**Reflects hotel revenues other than room revenue.				
***For car rental agencies located in Tucson International Airport. Sales tax also applies to car rental, but the calculation is already included in the General Sales Tax.				
****Reflects sales tax revenue generated within the TIF district.				
Source: Johnson Consulting				

Total State and City tax revenues generated by the renovated TCC events and activities are estimated to amount to \$12.4 million in its stabilized year of operation (Year 2013). Total sales tax revenues are projected to amount to \$9.3 million. Additionally, the renovated TCC is estimated to generate \$1.35 million in hotel/motel tax, \$357,000 in business privilege tax, and \$1.4 million in auto rental tax, all of which are entirely attributable to out-of-town visitors. Sales tax revenues captured by the Tax Increment Financing (TIF) District are estimated to range from \$5.7 million to \$6.5 million, assuming a 60 percent or 70 percent capture rate, respectively. The more attractive downtown Tucson becomes, the higher the percentage of spending, and thus sales tax revenues, will be captured within the District.

The baseline, pre-expansion fiscal impact from the existing TCC, which hosted 178 events and generated 175,789 attendees in 2005, is estimated amount to \$6.3 million that includes \$4.6 million in sales tax, \$731,000 in hotel/ motel tax, \$173,000 in business privilege tax, and \$759,000 in auto rental tax. Subtracting these amounts from the annual post-expansion impacts, the incremental fiscal impacts due to the facility expansion is estimated to amount to \$6.1 million that includes \$4.7 million in sales tax, \$621,000 in hotel/ motel tax, \$184,000 in business privilege tax, and \$678,000 in auto rental tax. The incremental sales tax revenues captured by the TIF District are estimated to range from \$3.0 million to \$3.4 million, assuming a 60 percent or 70 percent capture rate, respectively.

Economic and Fiscal Impacts of the Expansion's Construction Activity

In addition to the ongoing impacts from the operation of the facilities, the expansion construction of the TCC would create a one-time influx of spending. The construction spending also results in employment in many sectors of the local economy.

The costs of expansion are based on the preliminary cost estimates developed by Sundt Construction, Inc., and at this juncture are assumed to include costs for Areas A, B, C, D, and F of the expansion plan, as described in Tucson Convention Center Expansion and Renovation Concept Presentation by HNTB Architecture, attached as Appendix I of this report. These costs are estimated to amount to \$113.9 million, as summarized in Table 7-10 below.

Table 7-10

Renovated Tucson Convention Center Construction Cost Estimates			
	Direct Cost	Indirect Cost	Total Cost
Hard Costs			
Area A - South Meeting Rooms	\$19,177,768	\$4,131,582	\$23,309,350
Area B - East Meeting Rooms	9,209,738	1,984,109	11,193,847
Area C - Arena and Concourses	10,115,814	2,179,311	12,295,125
Area D - Ballroom and Grand Lobby	27,120,144	5,842,656	32,962,800
Area F - Renovations	5,186,650	1,117,391	6,304,041
Total Hard Costs	\$70,810,114	\$15,255,049	\$86,065,163
Owner's Soft Costs			
A/E Design Services	10.0%		\$8,606,516
CM/ Preconstruction Services	1.0%		860,652
Insurance Cost	1.0%		860,652
FF&E	10.0%		8,606,516
Signage	2.0%		1,721,303
Project Administration	1.0%		860,652
Marketing and Commissioning	1.0%		860,652
Total Owner's Soft Costs			\$22,376,942
Owner's contingency	5.0%		\$5,422,105
Total Construction Costs			\$113,864,211
<i>Source: Sundt Construction, Inc.</i>			

Table 7-11 shows the total direct spending and the estimated indirect and induced impacts that the expansion of the facility would generate to the local economy. The estimate assumes that 60 percent of hard costs will go to labor and 40 percent goes to materials, based on the industry standards reported by McGraw-Hill Construction publications.

Table 7-11

Estimated Economic and Fiscal Impacts of Expansion Activity	
	Impact (\$000's)
Economic Impact	
Direct Construction Spending*	\$113,864
Indirect Spending	22,265
Induced Spending	40,470
Total Spending	\$176,599
Personal Income	\$52,961
Employment (in FTE)	1,160
Fiscal Impact	
General Sales Tax	
State	\$6,376
City	2,277
Regional Transportation Authority	569
Total Fiscal Benefit	\$8,654
*Including Area A, B, C, D, and F of expansion as described in Appendix I.	
Source: Johnson Consulting	

As shown on the table, the \$113.9 million construction spending is projected to account for indirect and induced spending of \$22.3 million and \$40.5 million, respectively, amounting to a total spending of \$176.6 million. The construction activity is also estimated to result in increased earnings of \$53 million, and 1,160 full-time equivalent jobs. The estimated fiscal impact from the 8.1 percent sales tax applied to the construction spending is approximately \$8.65 million.

Economic and Fiscal Impacts of the New Multi-Purpose Arena

In this subsection, Johnson Consulting estimated the economic and fiscal impacts of the proposed Multi-Purpose Arena in downtown Tucson. The new Arena is to be constructed nearby to the current Tucson Convention Center and would replace the existing arena. The new Arena is planned to have 11,000 fixed seats for ice hockey, with the capability of expanding to 12,500 total seats for other events through use of portable seating; 20,000 to 25,000 square foot arena floor; 22 hospitality suites; 25 loge boxes; 500 club seats; and 3,000 to 3,500 square feet of meeting rooms.

The analysis is based on event demand, attendance, and activities at the new Multi-Purpose Arena as projected by CSL International ("CSL") in its market and financial analysis of the new arena, which was presented to the City of Tucson in February 2005. The CSL report provides "base case" and "best case" projections - our analysis is based on the "base case" projection. The economic and fiscal impact

analysis of the new Arena utilized the same methodology as the impact analysis for the Convention Center.

Table 7-12 summarizes the projected number of events and attendees as well as the assumptions and calculation to arrive at the number of attendee-days and room nights generated from events and activities at the Multi-Purpose Arena.

Table 7-12

Multi-Purpose Arena, Tucson							
Estimated Events, Attendance, Attendee-Days, and Room Nights							
	# of Events*	Total Attendance*	% Local	# of Local Attendee-Days**	# of Non-Local Attendee-Days**	% Require Lodging	# of Room Nights***
Tenant Events							
Minor League Hockey Francise	40	260,000	90%	234,000	26,000	20%	3,470
af2	8	52,000	90%	46,800	5,200	20%	690
Univ. of AZ Ice Cats	18	41,400	90%	37,260	4,140	20%	550
Subtotal	66	353,400		318,060	35,340		4,710
Non-Tenant Events							
Concerts	12	81,900	80%	65,520	16,380	15%	1,640
Rodeo/ Equestrian/ Other	6	21,000	80%	16,800	4,200	15%	420
Latino Shows	5	31,000	80%	24,800	6,200	15%	620
Ice Shows	6	39,000	80%	31,200	7,800	15%	780
Family Shows	12	48,000	80%	38,400	9,600	15%	960
Motor Sports	3	17,250	80%	13,800	3,450	15%	350
Other Sports	6	30,000	80%	24,000	6,000	15%	600
Graduations	2	7,000	80%	5,600	1,400	15%	140
Religious Events	2	19,000	80%	15,200	3,800	15%	380
TCC Shows	8	40,000		na****	na****		na****
Subtotal	62	334,150		235,320	58,830		5,890
Event Production-based Room Nights*****				0	49,940		5,000
Total	128	687,550		553,380	144,110		15,600

*Corresponds directly to the projected events and attendance as presented on Section VII, Page 110 of Market and Feasibility Analysis of Multi-Purpose Arena in Downtown Tucson, prepared by CSL International in February 2005.

**As event lengths is one day for all these events, the number of attendee-days is equal to the number of attendees.

***Assuming an average of 1.5 guests per room.

****Assumed to be already included in the Convention Center impact calculations.

*****It is estimated that the visiting sports teams, performers, and productions staff of the events generate additional 5,000 room nights.

Source: CLS International, Johnson Consulting

As shown in the table, assuming that the majority of the new Arena attendance is local Tucson metro area residents, the projected 128 events and 687,550 attendees at the new Arena, as well as the visiting sports teams, performers, and production staff of the events, is estimated to generate 553,380 local attendee-days, 144,110 non-local attendee-days, and 15,600 room nights.

Table 7-13 shows the assumed average daily spending per Arena attendee and the resulting total direct spending. The average daily spending of Arena attendees is

largely derived from that of the convention center attendee and, specifically for recreation/ entertainment and sporting events categories, is based on CSL projections. Total direct spending is categorized into transfer spending, new spending to MSA, and new spending to State based on the local and non-local attendee-day projections previously shown in Table 7-12, and assumes that 60 percent of non-local attendees are from outside Arizona.

Table 7-13

Multi-Purpose Arena, Tucson							
Average Daily Spending and Total Direct Spending							
	Average Daily Spending			Total Direct Spending			
	CC	Adjustment	Arena	Transfer	New to MSA	New to State*	Total**
				(A)	(B)	(C)	(D)
Lodging and Incidentals	\$113.90	100%	\$113.90	\$0	\$1,776,840	\$1,066,104	\$1,776,840
Eating and Drinking	86.59	30%	25.98	14,375,261	3,743,574	2,246,144	18,118,835
Recreation and Entertainment***	8.55	→	20.64	6,617,561	1,126,126	675,676	7,743,687
Sporting Events***	0.88	→	17.89	4,163,601	708,530	425,118	4,872,131
General Retail	32.81	30%	9.84	5,447,523	1,418,632	851,179	6,866,155
Local Transit	21.71	30%	6.51	3,603,502	938,416	563,050	4,541,918
Car Rental	7.90	30%	2.37	1,312,126	341,701	205,021	1,653,827
Total	\$272.35		\$178.09	\$35,519,575	\$10,053,819	\$6,032,291	\$45,573,394



*Assuming that 60 percent of non-local attendees are from out of State. Column (C) is a subset of Column (B).
 **Total spending equals to transfer spending plus net new spending, i.e., Column (D) = Column (A) + Column (B).
 ***The analysis assumes that Recreation/ Entertainment and Sporting Events are "either or" spending categories. Estimates are based on projections by CSL International.
 Source: Johnson Consulting

As shown in the table, attendance at the new Arena is projected to generate approximately \$45.6 million in direct spending, which includes \$35.5 million of transfer spending and \$10.1 million of net new spending.

It is expected that the new arena will significantly alter the profile of business held in the TIF District. It is estimated that incrementally, seventy percent of the above spending will result because of development of the new arena- the current arena is just obsolete. Of that amount, it is estimated that eighty percent of the spending will be captured within the TIF District itself.

Table 7-14 breaks down the estimated total direct spending by location: within the Arena, outside the Arena but within the TIF District, and outside the TIF District. The amount of spending within the Arena is based on the CSL projections in its February 2005 market and financial analysis.

Table 7-14

Multi-Purpose Arena, Tucson Estimated Direct Spending by Location				
	Total	In Arena*	Outside Arena, in TIF District	Outside TIF
Lodging and Incidentals	\$1,776,840	\$0	\$1,243,788	\$533,052
Eating and Drinking	18,118,835	2,675,100	10,810,615	4,633,121
Recreation and Entertainment**	7,743,687	6,825,279***	642,886	275,522
Sporting Events**	4,872,131	4,294,292****	404,487	173,352
General Retail	6,866,155	1,236,225	3,940,951	1,688,979
Local Transit	4,541,918	0	3,179,343	1,362,575
Car Rental	1,653,827	0	0	1,653,827
Total	\$45,573,394	\$15,030,896	\$20,222,070	\$10,320,428
<div style="text-align: center;">   </div> <p>\$35,252,966 Within TIF District</p>				
<p><i>*Based on projections by CSL International in its February 2005 study.</i></p> <p><i>**Recreation/ Entertainment and Sporting Events are "either or" spending categories.</i></p> <p><i>***Includes \$6.6 million in general ticket sales and \$217,000 in suite ticket sales.</i></p> <p><i>****Includes \$3.1 million in general ticket sales, \$178,000 in suite ticket sales, and \$1 million in premium seating revenues.</i></p> <p><i>Source: Johnson Consulting</i></p>				

As shown in the table, of the \$45.6 million of total direct spending, approximately \$15 million is estimated to occur in the Arena, \$20.2 million outside Arena but still within the TIF District, and \$10.3 million is outside the TIF District. Total direct spending within the TIF District is \$35.3 million.

Utilizing the IMPLAN input-output model, Table 7-15 summarizes the estimated indirect spending, induced spending, increased earnings, and employment caused by the direct spending associated with the new Arena.

Table 7-15

Multi-Purpose Arena, Tucson Summary of <u>Annual</u> Economic Impacts (in \$Millions)				
	Transfer Impacts	Net New Impacts (From Non- Locals)		Total
	(From Locals)	New to MSA	New to State	
Direct Spending*	\$35.5	\$10.1	\$6.0	\$45.6
Indirect Spending	9.3	2.6	1.9	11.9
Induced Spending	14.1	4.0	3.0	18.1
Total Spending	\$58.9	\$16.6	\$10.9	\$75.5
Earnings	\$20.3	\$5.7	\$3.7	\$26.1
Employment (Full-Time Equiv. Jobs)	930	250	150	1,180
<i>Source: Johnson Consulting</i>				

As shown in the table above, the new Multi-Purpose Arena is projected to generate \$75.5 million of total spending, \$26.1 million of increased earnings, and 1,180 full-time equivalent jobs in a stabilized year of operation. Transfer impacts are projected to include \$58.9 million in total spending, \$20.3 million in increased earnings, and 930 jobs. Net new impacts to Tucson metro area are projected to include \$16.6 million in total spending, \$5.7 million in increased earnings, and 250 jobs. Net new impacts to the State of Arizona are projected to include \$10.9 million in total spending, \$3.7 million in increased earnings, and 150 jobs.

Using the same assumptions, the existing Arena, which is currently part of the TCC with 8,750 fixed seats and hosted an average of 80 events and 167,977 attendees in recent years, is expected to result in the following economic impact: 5,270 room nights, \$19.8 million of total spending, \$6.8 million of increased earnings, and 310 jobs that year. Subtracting these "baseline," existing Arena impacts from the total annual new Arena impacts shown previously in Table 7-15 will show the estimated incremental impact due to the new Arena development, as summarized in Table 7-16 below.

Table 7-16

Multi-Purpose Arena, Tucson Summary of <u>Incremental</u> Economic Impacts due to New Arena Development (in \$Millions)				
	Transfer Impacts	Net New Impacts (From Non- Locals)		Total
	(From Locals)	New to MSA	New to State	
Direct Spending*	\$27.0	\$6.6	\$4.0	\$33.6
Indirect Spending	7.1	1.7	1.3	8.8
Induced Spending	10.7	2.6	2.0	13.3
Total Spending	\$44.8	\$11.0	\$7.2	\$55.7
Earnings	\$15.4	\$3.8	\$2.5	\$19.2
Employment (Full-Time Equiv. Jobs)	710	160	100	870
<i>Source: Johnson Consulting</i>				

As shown in the table above, the development of the new Multi-Purpose Arena is projected to generate incremental economic impact that includes \$55.7 million of total spending, \$19.2 million of increased earnings, and 870 full-time equivalent jobs. Incremental transfer impacts are projected to include \$44.8 million in total spending, \$15.4 million in increased earnings, and 710 jobs. Net new incremental impacts to Tucson metro area are projected to include \$11.0 million in total spending, \$3.8 million in increased earnings, and 160 jobs. Net new impacts to the State of Arizona are projected to include \$7.2 million in total spending, \$2.5 million in increased earnings, and 100 jobs.

Table 7-17 summarizes the estimates of fiscal impact in the new Arena's stabilized year of operation. It also shows the incremental fiscal impact due to the new Arena development, derived by subtracting estimated baseline, existing Arena fiscal impact from the annual new Arena impact.

Table 7-17

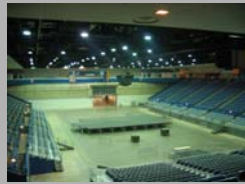
Multi-Purpose Arena, Tucson				
Estimated <u>Annual</u> and <u>Incremental</u> Fiscal Impacts (\$000's)				
	Tax Rates	Annual Impact (New Arena)		Incremental Impact
		Taxable Spending	Tax Revenues	Tax Revenues
General Sales Tax				
State	5.60%	\$41,031	\$2,298	\$1,698
City	2.00%	41,031	821	606
Regional Transportation Authority	0.50%	41,031	205	152
Subtotal	8.10%		\$3,324	\$2,456
Hotel/ Motel Tax				
City	6.00%	\$1,777	\$107	\$71
City	\$1.00/ room night	15,600 RNs	16	10
Subtotal			\$122	\$81
Auto Rental Tax*				
Airport Concession Fee	11.11%	\$1,654	\$184	\$134
Airport Surcharge (per transaction)	\$3.50	69,749	244	178
County Surcharge (per transaction)	\$3.50	69,749	244	178
Vehicle Rental Tax	3.00%	\$1,654	50	36
Subtotal			\$722	\$525
Total			\$4,167	\$3,062
TIF**				
If 60% of spending outside Arena is captured in TIF District		\$29,639	\$2,401	\$1,794
If 70% of spending outside Arena is captured in TIF District		\$32,074	\$2,598	\$1,935
*For car rental agencies located in Tucson International Airport. Sales tax also applies to car rental, but the calculation is already included in the General Sales Tax.				
**Reflects sales tax revenue generated within the TIF district.				
Source: Johnson Consulting				

Total State and City sales tax revenues generated by the new Arena events and activities are estimated to amount to \$4.2 million annually. Total sales tax revenues are projected to amount to \$3.3 million. Additionally, the new Arena is estimated to generate \$122,000 million in hotel/ motel tax, and \$722,000 in auto rental tax, all of which are entirely attributable to out-of-town visitors. Sales tax revenues captured by the Tax Increment Financing (TIF) District are estimated to range from \$2.4 million to \$2.6 million, assuming that 60 percent or 70 percent of spending outside Arena is captured within the TIF District, respectively. Again, the more attractive downtown Tucson becomes, the higher the percentage of spending, and thus sales tax revenues, will be captured within the District.

The baseline, existing Arena fiscal impact is estimated amount to \$1.1 million that includes \$868,000 in sales tax, \$41,000 in hotel/ motel tax, and \$196,000 in auto rental tax. Subtracting these amounts from the annual new Arena impacts, the

incremental fiscal impacts due to the new Arena development is estimated to amount to \$3.1 million that includes \$2.5 million in incremental sales tax, \$81,000 in incremental hotel/ motel tax, and \$525,000 in incremental auto rental tax. The incremental sales tax revenues captured by the TIF District are estimated to range from \$1.8 million to \$1.9 million.

APPENDIX I



TUCSON CONVENTION CENTER
Expansion & Renovation

HNTB Architecture

Concept Presentation
February, 2007

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Introduction

Based on the market analysis conducted by C. H. Johnson Consulting, Inc. for the Tucson Convention Center, HNTB Architecture conducted an evaluation of the existing physical facilities and opportunities for growth to accommodate the recommended building program. This work was accomplished in collaboration with Hargreaves Associates (urban design and landscape architecture) and Thornton Tomasetti (structural engineering). As expansion and renovation concepts were identified and described, Sundt Construction provided a preliminary analysis of probable construction costs.

This report provides a summary of the recommended findings for expanding and renovating the Tucson Convention Center. The overall strategy is based on several key principles, as follows:

- Develop new meeting space as soon as possible
- Enhance the relationship of the center to its surroundings, primarily on the north and east.
- Re-use the existing arena space to the greatest extent possible in order to avoid costly demolition and replacement.
- Add new leasable and support spaces in such a way that takes advantage of the existing physical organization of the building on the site.
- Renovate existing spaces so that they are brought up to the same level of quality as the new spaces.

TUCSON CONVENTION CENTER	<div data-bbox="415 472 667 667">Existing Conditions and Recommended Building Program</div> <div data-bbox="827 475 1734 724"> <p>The existing Tucson Convention Center has approximately 90,000 SF of industry standard exhibit space, and an additional 24,000 SF of secondary quality exhibit space, for a total of almost 114,000 SF. Additionally, the arena floor of 33,750 SF can be used for exhibits and tradeshow. One ballroom of 20,164 SF can be subdivided into three spaces, and there are eleven meeting rooms totaling less than 11,000 SF. The center is very deficient in break-out meeting space, and its exhibition space is undersized relative to what is marketable.</p> </div> <div data-bbox="827 764 1734 980"> <p>In addition to lacking the required amounts of leasable convention space, the existing center has an outmoded arena, a circulation system that does not respond well to pedestrian movement patterns in this part of downtown, and entrances that do not appropriately welcome visitors to the complex. It is the intention of the proposed expansion and renovation program to solve both the quantitative and qualitative deficiencies and to result in a single, unified, state-of-the-art convention center.</p> </div> <div data-bbox="827 1019 1709 1141"> <p>Based on the analysis and recommendations of Johnson Consulting, the proposed expansion program includes the addition of 34,000 SF of new meeting space, a new 30,000 SF Grand Ballroom, and an additional 66,000 SF of exhibition space.</p> </div>

Project Location

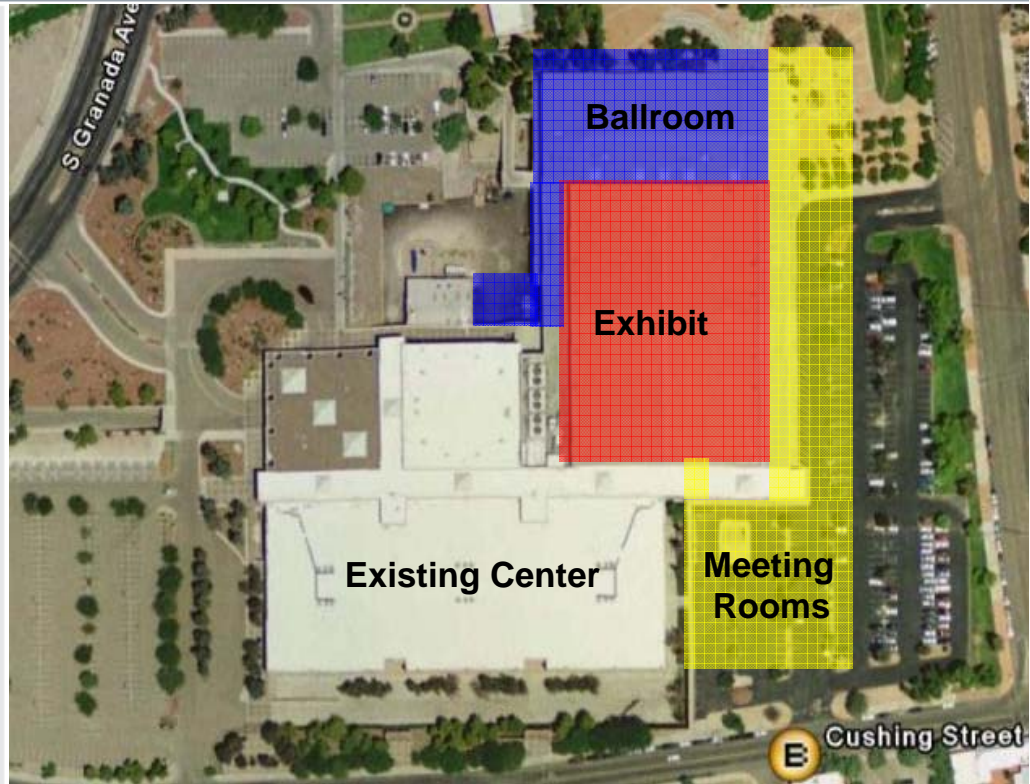
The project location diagram shown on the following page illustrates the overall site development strategy: New Ballroom to the north, new meeting rooms to the east and south, and renovated exhibit space in the location of the existing arena.

In the course of analyzing numerous alternative locations for placement of the new program elements, the study team recognized several key guiding principles. First, the possible re-use of the arena space to be converted to dedicated exhibit space provided an opportunity for conserving existing resources that made sense from a sustainable design and cost point-of view. Once the location and structural feasibility of this new exhibit space was established, the requirement of distributing break-out meeting space in close proximity to the exhibit space became paramount. The new meeting room block located at the southeast corner of the site will be able to service both existing and new exhibit space.

The new exhibit hall in the location of the existing arena is also supported by new meeting rooms to its east, as well as the new ballroom to the north. Locating the new ballroom here responds to the civic open space on this side of the complex, and provides good opportunities to service the ballroom from the west side service court. This approach preserves the substantial open space on the center's west side for further long-term expansion.

TUCSON CONVENTION CENTER

Project
Location



Entrances/ Public Circulation/ Prefunction

The proposed expansion of the Tucson Convention Center builds off of the existing East-West circulation spine, and establishes a new North-South circulation element. These two circulation spines intersect at a new entrance lobby on the southeast corner of the site.

This new entrance lobby replaces the existing one that is not served by escalators and is relatively uninviting. With this new addition visitors will arrive at grade level in a reconfigured landscape. Upon entering the center they can turn right or left to the new blocks of meeting rooms located at that same level, or go down to the main East-West spine accessing the exhibit halls below. Alternatively, the center's new administrative suite located above the southeast meeting room block can be accessed at this corner of the site.

The new North-South pre-function space is purposely located on the outside of the complex in order to provide daylight, orientation and a sense of activity to this edge of the center. This circulation route replaces the ambiguous and unpleasant circulation route that currently exists on the west side of the existing arena where it overlooks the service yard below.

To support the new ballroom and provide for a civic entrance to the north, a major new entrance and pre-function area terminates the new North-South axis.

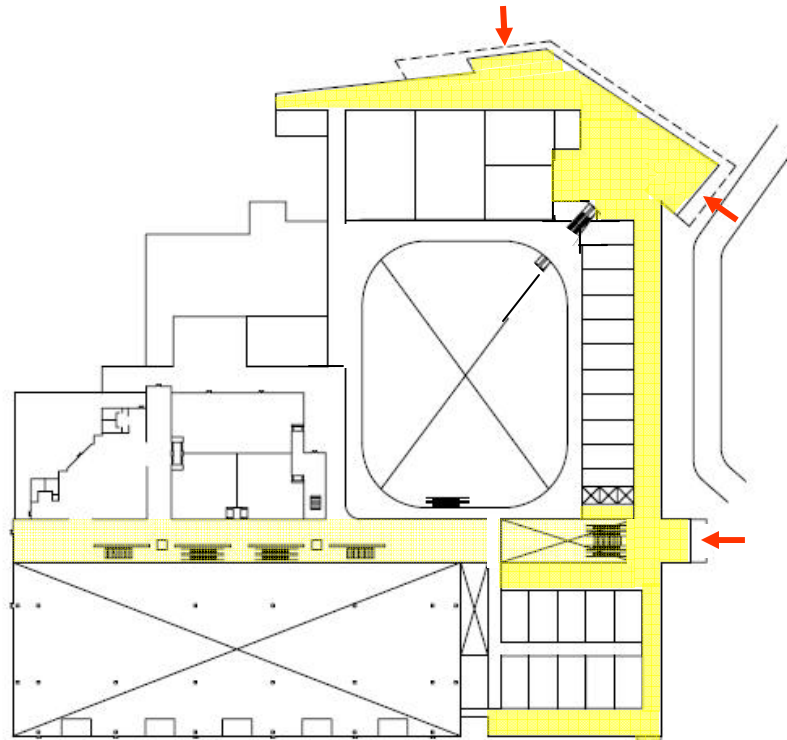
TUCSON CONVENTION CENTER

Entrances/
Public
Circulation/
Prefunction

Establish new
North/South
connector.

Activate exterior
edges of center.

Stronger
relationship with
entries.



Meeting Rooms

Two new blocks of meeting rooms are located at the Church Street level. Since the existing north block of meeting rooms will eventually be demolished to make room for the new Ballroom, a total of 34,000 SF of new meeting room space is proposed to slightly exceed the C. H. Johnson Consulting recommendation of 31,900 SF.

The South meeting rooms are comprised of ten 1,800 SF modules organized in two rows of 9,000 SF each. Each of these 9,000 SF blocks can be subdivided as $3 \times 1,800 \text{ SF} = 5,400 \text{ SF}$ and $2 \times 1,800 \text{ SF} = 3,600 \text{ SF}$. This will provide a high degree of flexibility using a 30' x 60' module as the basic meeting room size. The circulation/pre-function corridor supporting the new south meeting rooms is located on the exterior of the new construction in order to provide daylight and a sense of orientation and human scale to the exterior.

The East meeting rooms are arrayed along the east side of the arena which will be converted to exhibition space. Nine 1,800 SF rooms will be organized into three 5,400 SF subdivisible spaces. These meeting rooms will be easily accessible from either the north or south end of the new exhibition space converted from the existing arena. The prefunction corridor providing access to the East meeting rooms also serves to connect the two new major entrance lobbies at the north and east sides of the convention center.

TUCSON CONVENTION CENTER

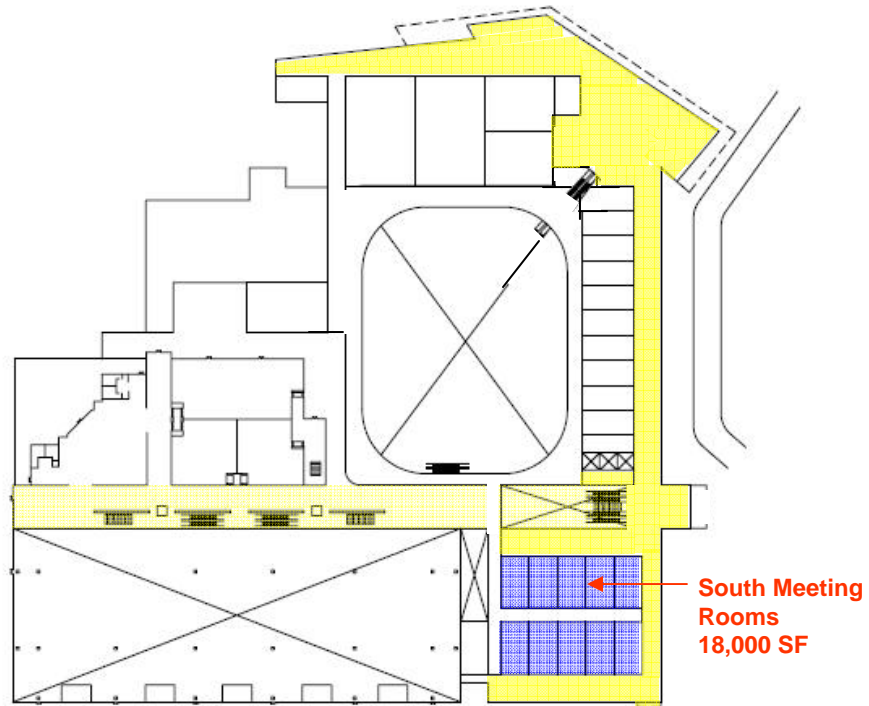
Meeting
Rooms

South meeting
rooms at
Church Street
level.

18,000 NSF

2 x 5,400 SF
2 x 3,600 SF

10 x 1,800 SF



TUCSON CONVENTION CENTER

Meeting Rooms

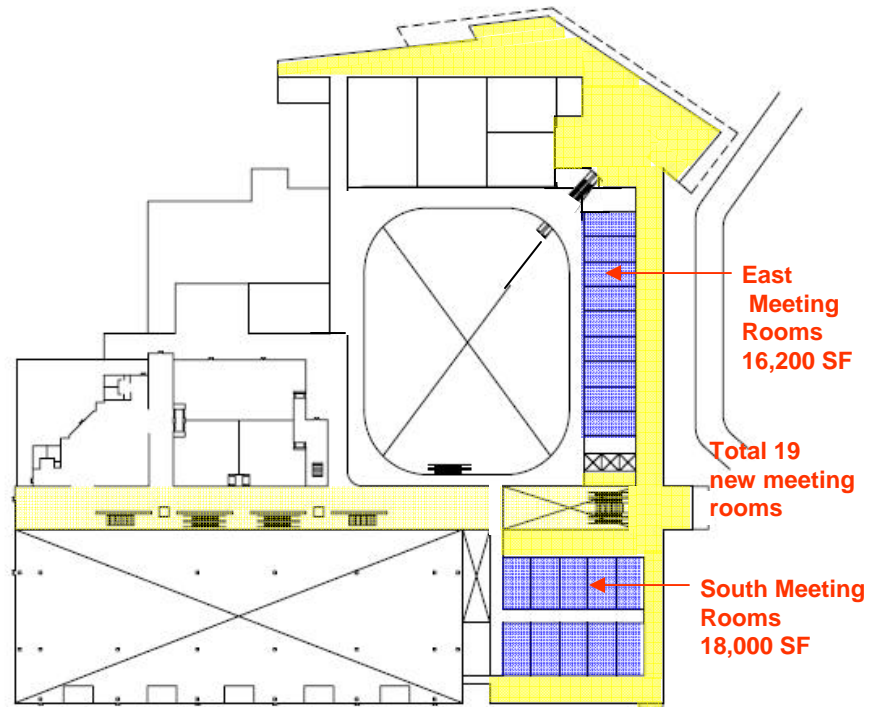
East meeting rooms at Church Street level.

16,200 NSF

3 pods of 5,400 SF, each divisible in thirds.

3 x 5,400 SF rooms

9 x 1,800 SF rooms



Ballroom

The new 30,000 SF Grand ballroom will be located at the north side of the convention center in the approximate position where the existing center's sub-standard meeting rooms are currently located. The new Ballroom will be divided into three 10,000 SF spaces, and one of the 10,000 SF spaces will be further subdivisible into two 5,000 SF spaces. This Ballroom will be the main banquet and plenary session space in the expanded and renovated convention center.

The new Ballroom and its support spaces will be located at the same level as all of the new meeting rooms, thereby simplifying pedestrian flow throughout the complex. The western side of the Ballroom will be expressly for service, so all public access will be from the north and east. The Ballroom will essentially be a new structure, replacing and enlarging upon the volume that is there now, so that it can be properly dimensioned and proportioned as a state-of-the-art facility.

A major new entrance lobby will be built to respond to pedestrian flow from the north as well as the new pick-up and drop-off area from Church Street. This new lobby will allow the Ballroom to function for those community and civic events not requiring access to the rest of the convention center.

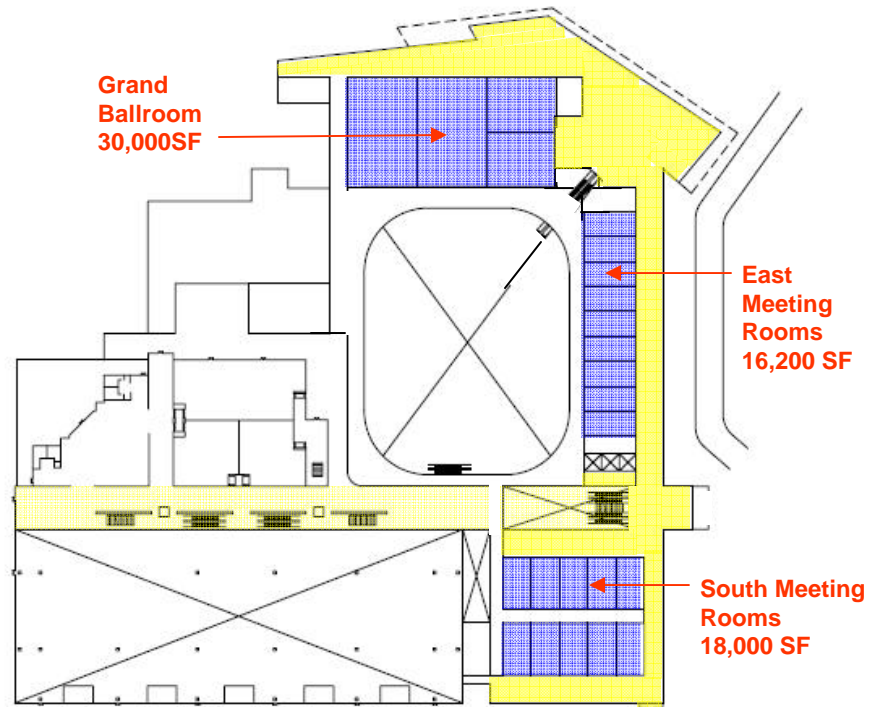
TUCSON CONVENTION CENTER

Ballroom

30,000 SF

4 subdivisions

2 x 10,000 SF
2 x 5,000 SF



Service Corridors and New Food Service Support

To service both new meeting rooms blocks and the Grand Ballroom are a system of dedicated service corridors planned to provide full back-of-house access.

A significant portion of the new service corridor system will be located where the concourse/upper circulation zone of the existing arena is now located. With the eventual removal of the fixed seating bents that will occur when the arena is converted to an exhibit hall, the upper circulation area will no longer be needed for public access and therefore can be converted to back-of-house circulation and support.

A branch off of this new corridor system will service the new South meeting room block by means of a service bridge that will span above the primary public East-West pedestrian spine.

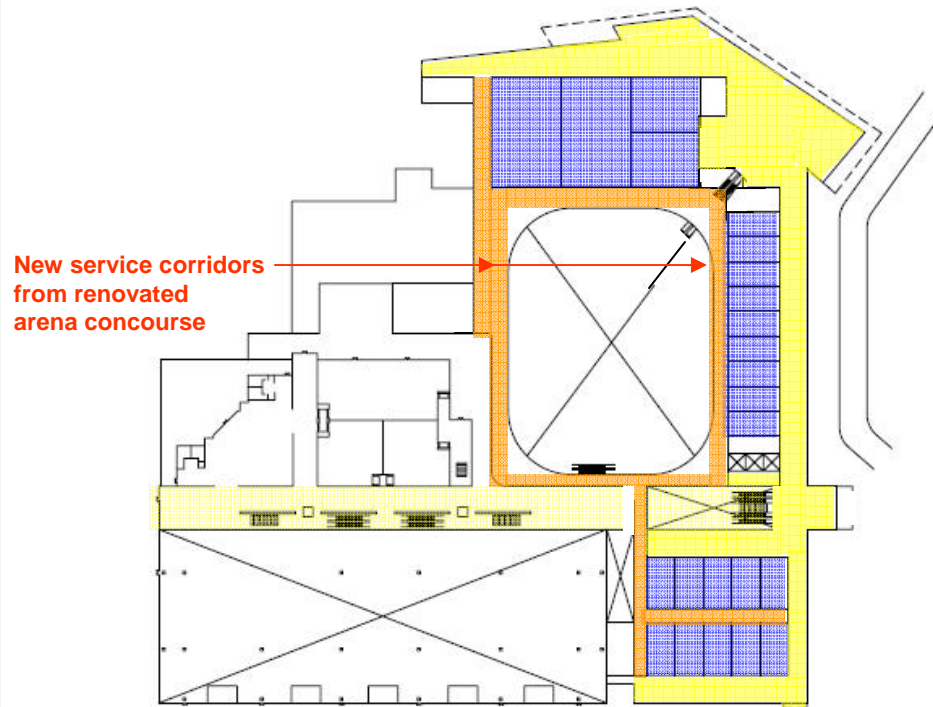
This new service corridor system will connect on its western side with service elevators to the existing central kitchen. Eventually a new support kitchen can be constructed at the same level as the service corridors in order to support all of the new meeting and Ballroom space. The new kitchen will compliment and be connected to the existing kitchen which can continue to support the center's existing ballroom.

TUCSON CONVENTION CENTER

Service Corridors

Serve all new meeting room and Ballroom spaces.

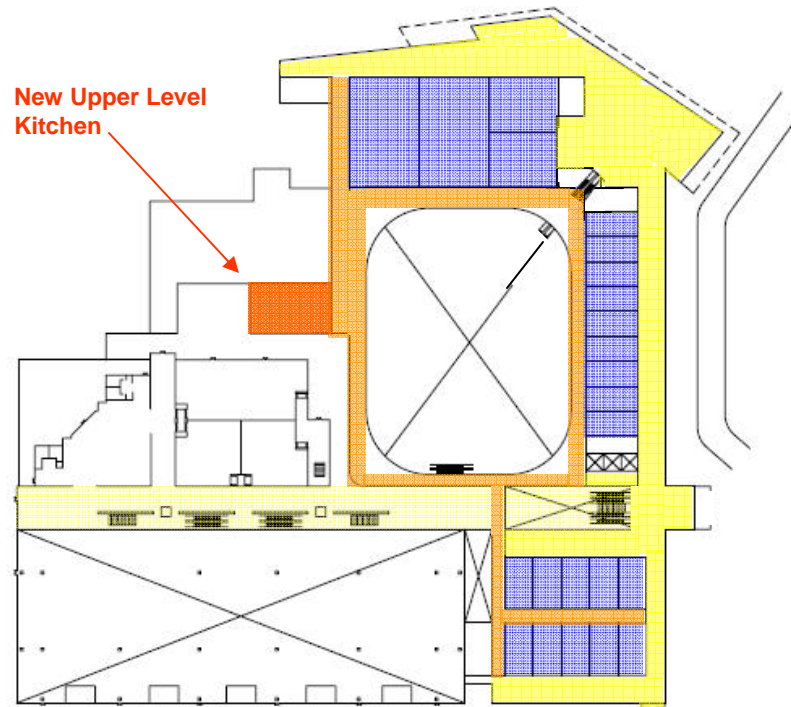
Connect to back-of-house freight elevators and new food service preparation area.



New Food Service Support

Supports all new meeting rooms and the Ballroom at this level.

Connected by elevators to existing kitchen at Galleria level below, and to food service loading docks at grade.



TUCSON CONVENTION CENTER	Administration and Sales Offices	<p>In order to consolidate the administrative, operations and sales staff offices into a single area, the study team proposes that a new administrative wing be built on a second level above the new South meeting room block. Building these new office facilities in this location will also free up the northern end of the site where the new Grand Ballroom will be built.</p> <p>In this location the new office suite will be located more strategically at the center of the overall convention center complex. Access will be by an elevator bank that connects to the Church Street entrance level, the main East-West concourse level, and the exhibition halls at the lowest level. The office suite will have good access to all parts of the building without being too public.</p>
		16

TUCSON CONVENTION CENTER

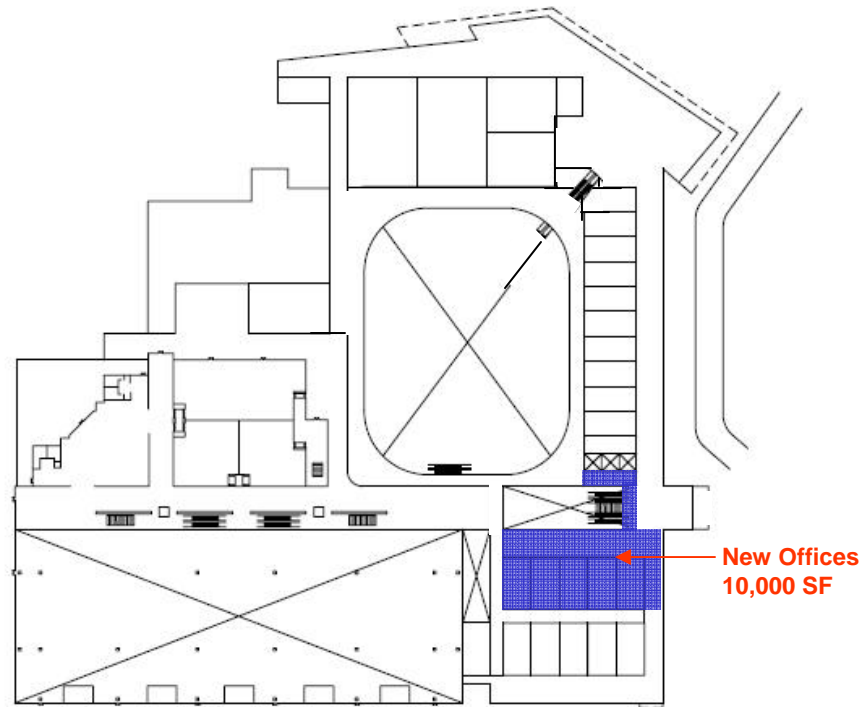
Administration
and Sales
Offices

10,000 SF office
suite on upper
level above South
meeting rooms.

Replace and
expand existing
north offices.

Connected by
elevators to all
levels of the
Center.

Natural light and
roof terrace.



Exhibition Halls

Based on a functional space planning and structural analysis, the study team concluded that it is feasible to convert the existing arena to a state-of-the-art exhibit hall. This will be accomplished by removal of the existing fixed seating bents, the creation of a new floor with a 30' x 30' utility grid, new finishes and ceiling system, and new restrooms. New service access and support areas will be provided on the west side of the renovated exhibit hall.

The new 66,000 SF exhibition space will connect directly to both the existing 89,760 SF exhibit hall as well as the existing 24,000 SF North Hall, resulting in a total of 179,760 SF of dedicated exhibit space. The center's exhibit space will be able to operate for a single event or multiple simultaneous events.

A new bank of escalators will be provided at the south end of this new hall to connect to the main East-West Concourse. A second bank of escalators will connect this exhibit hall to the new north lobby.

TUCSON CONVENTION CENTER

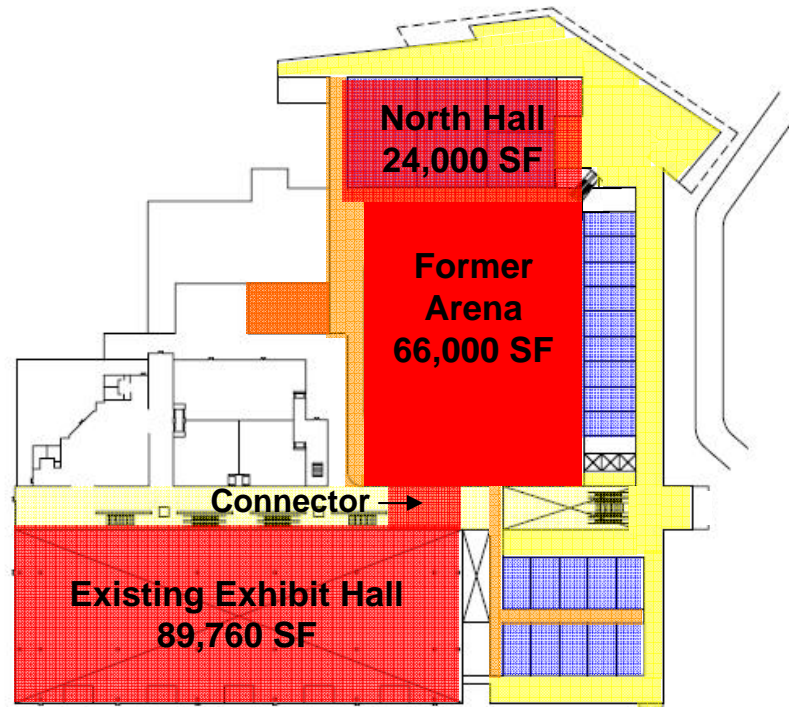
Exhibition Halls

Lower level

Arena seating
removed

New restrooms,
escalators,
utilities, lighting,
finishes

Total:
179,760 SF



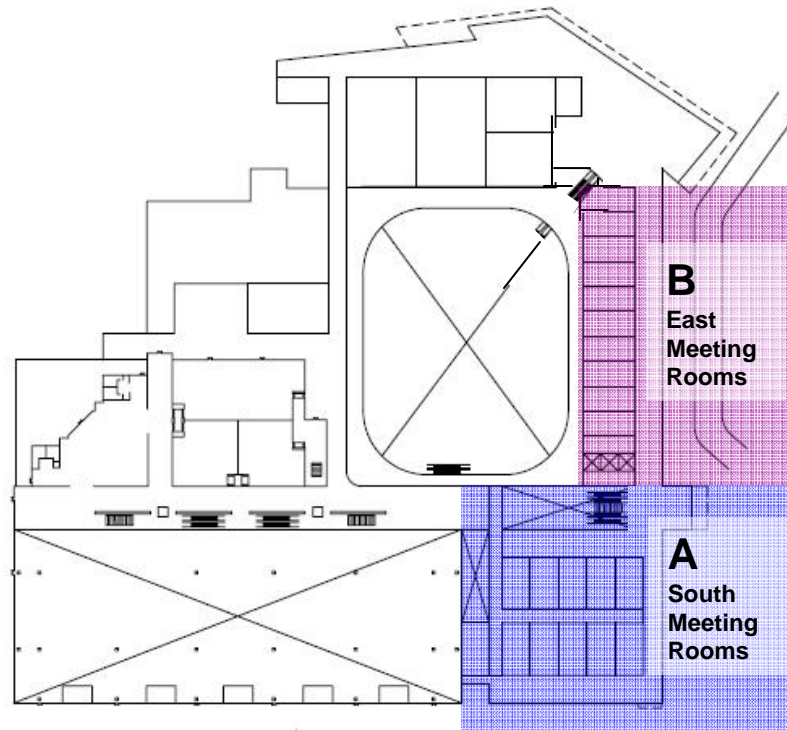
TUCSON CONVENTION CENTER	Exhibit Space SF Area Comparison		
		<u>NEW</u>	<u>EXISTING</u>
		A Main Hall 89,760	A Main Hall 89,760
		Connector	Connector
		B Arena 66,000	B Arena 33,750
		E North 24,000	E North 24,000
		TOTAL 179,760	TOTAL 147,510
		20	

TUCSON CONVENTION CENTER	<h2>Phasing and Implementation</h2>	<p>The sequence of improvements recommended for the Tucson Convention Center is based on several factors, including the market analysis, timing of the construction of a new arena for Tucson, and available funding.</p> <p>Phase 1: In order to solve for the most significant deficiency of the center as soon as possible, it is proposed that Phase 1 consist of the addition of both the South and East meeting room blocks. These can be constructed in a way that allows the existing convention center and arena operations to continue without disruption; temporary entrances and means of egress will have to be coordinated with the sequence of construction. Along with the South meeting rooms the upper level office suite will be built at this time.</p> <p>Phase 2: As soon as the new Tucson Arena is built on the nearby site, construction can commence to renovate the existing arena and concourses to become the additional exhibit space and the back-of-house service corridors.</p> <p>Phase 3: This final phase will consist of the construction of the new Grand Ballroom and its associated pre-function area and entrances; the new upper level support kitchen; and renovation of the remainder of the existing center to make it consistent with the already completed new construction. The associated sitework will be accomplished with this and each earlier phase.</p>
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Project Areas Phase I

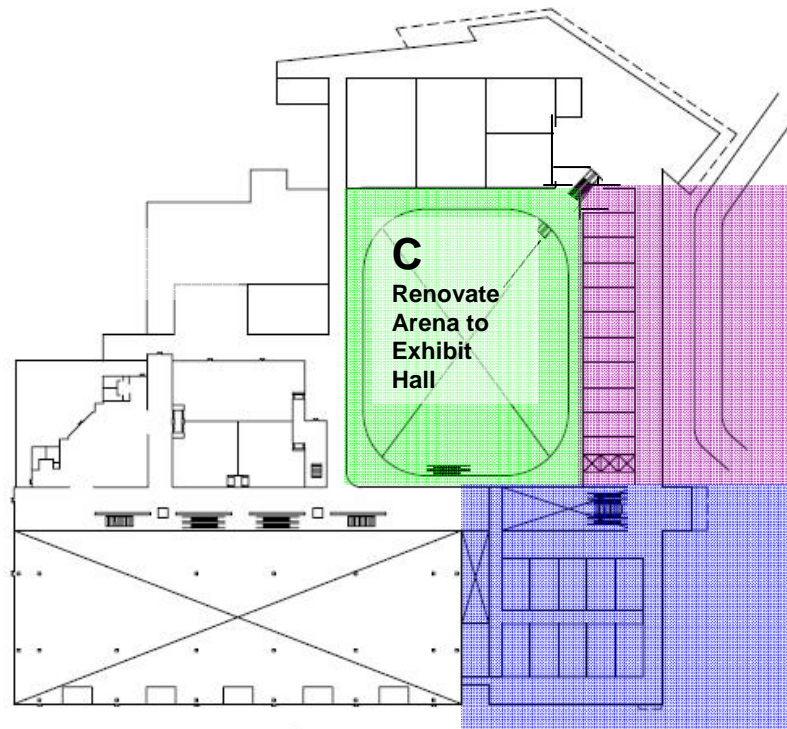
A
South Meeting
Rooms,
Entry, Admin.
Offices
& Sitework

B
East Meeting
Rooms & Sitework



Project Area
Phase II

C
Renovate
Arena and
Concourses

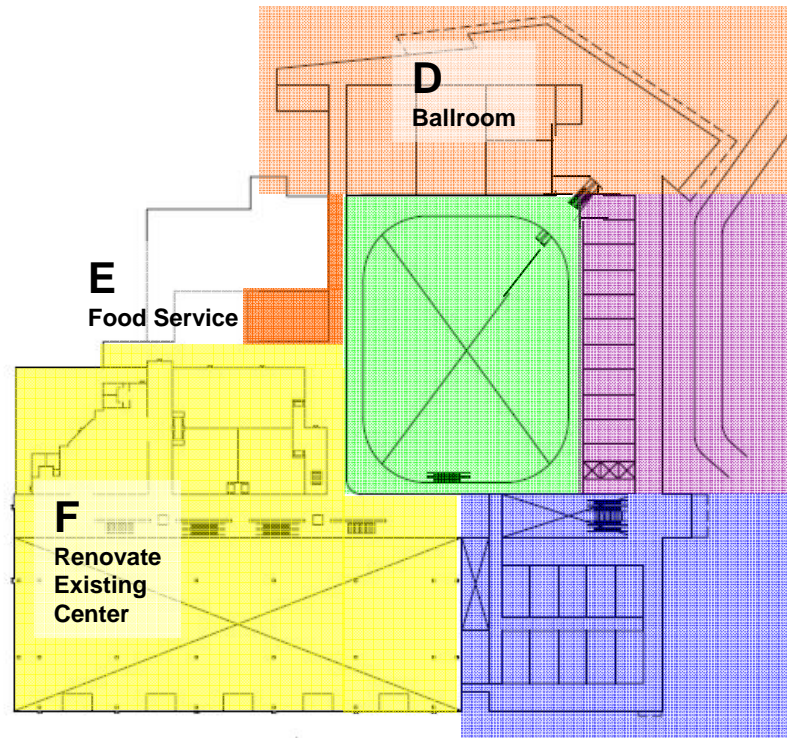


Project Areas Phase III

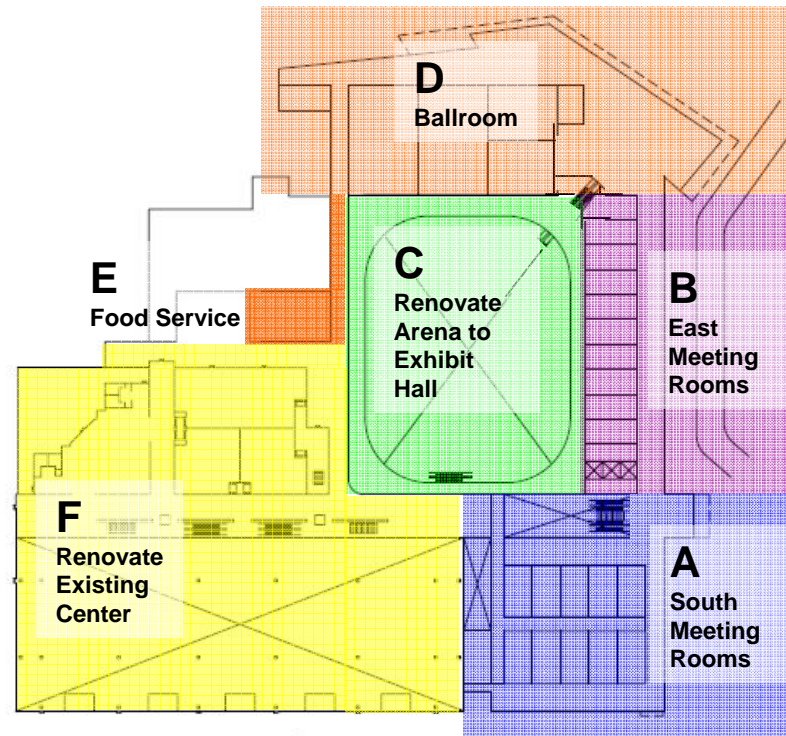
D
Ballroom, Grand
Lobby & Sitework

E
Upper Level
Kitchen


F
Renovate Existing
Center



Completed
Expansion &
Renovation




Project: Revised - Tucson Convention Center Expansion and Renovation												
Estimate Type: Preliminary Cost Model												
Date: 25-Feb-07												
Phase I - Area "A" - South Meeting Rooms, Entry, Administration Offices and Sitework												
Tucson, AZ												
New South Meeting Rooms			Administrative Office			Galleria Extension Adjacent to New Meeting Rooms			Area "A" Site and Demolition			Total Building SQFT Less Site
Square Footage 50,000			Square Footage 10,000			Square Footage 10,000			Square Footage 71,600			Square Footage 70,000
Sys #	Description	Totals	\$/S.F.	%	Totals	\$/S.F.	%	Totals	\$/S.F.	%	Totals	\$/S.F.
DIRECT COSTS												
100	General Conditions and Requirements	\$1,204,089	\$24.08	8.0%	\$225,861	\$22.59	8.0%	\$293,544	\$29.35	8.0%	\$141,254	\$1.97
200	Site Work	\$105,000	\$2.10	0.7%	\$0	\$0.00	0.0%	\$100,000	\$10.00	2.7%	\$859,200	\$12.00
200	Demolition - Structure	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00
200	Demolition - Selective	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$262,772	\$3.67
300	Substructure	\$922,000	\$18.44	6.1%	\$60,000	\$6.00	2.1%	\$184,400	\$18.44	5.0%	\$0	\$0.00
400	Superstructure	\$1,540,000	\$30.80	10.2%	\$390,000	\$39.00	13.8%	\$306,000	\$30.60	8.4%	\$0	\$0.00
400	Seismic Upgrades	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00
500	Exterior Closure	\$750,000	\$15.00	5.0%	\$96,300	\$9.63	3.4%	\$96,300	\$9.63	2.6%	\$0	\$0.00
700	Roofing	\$428,500	\$8.57	2.8%	\$85,700	\$8.57	3.0%	\$85,700	\$8.57	2.3%	\$0	\$0.00
900	Interior Construction	\$1,233,500	\$24.67	8.2%	\$246,700	\$24.67	8.7%	\$246,700	\$24.67	6.7%	\$0	\$0.00
950	Interior Finishes	\$1,466,500	\$29.33	9.7%	\$216,300	\$21.63	7.7%	\$293,300	\$29.33	8.0%	\$0	\$0.00
1000	Specialties	\$68,500	\$1.17	0.4%	\$11,700	\$1.17	0.4%	\$11,700	\$1.17	0.3%	\$0	\$0.00
1200	Equipment & Furnishings	\$314,500	\$6.29	2.1%	\$45,000	\$4.50	1.6%	\$62,900	\$6.29	1.7%	\$0	\$0.00
1300	Special Construction	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00
1400	Conveying Systems	\$0	\$0.00	0.0%	\$112,500	\$11.25	4.0%	\$450,000	\$45.00	12.3%	\$0	\$0.00
1530	Fire Protection	\$105,000	\$2.10	0.7%	\$21,000	\$2.10	0.7%	\$21,000	\$2.10	0.6%	\$0	\$0.00
1540	Plumbing	\$358,000	\$7.16	2.4%	\$71,600	\$7.16	2.5%	\$71,600	\$7.16	2.0%	\$0	\$0.00
1580	HVAC	\$1,072,500	\$21.45	7.1%	\$195,200	\$19.52	6.9%	\$158,000	\$15.80	4.3%	\$0	\$0.00
1600	Electrical	\$1,210,000	\$24.20	8.0%	\$242,000	\$24.20	8.6%	\$242,000	\$24.20	6.6%	\$0	\$0.00
SUBTOTAL DIRECT COST		\$10,768,989	\$215.4	72%	\$2,019,861	\$201.99	72%	\$2,625,143.9	\$262.51	72%	\$1,263,226.1	\$17.6
Escalation		0%	By C.O.T.	\$0.00	0.0%	By C.O.T.	\$0.00	0.0%	By C.O.T.	\$0.00	0.0%	By C.O.T.
Design Contingency		15%	\$1,615,213	\$32.30	10.7%	\$302,979	\$30.30	10.7%	\$393,772	\$39.38	10.7%	\$1,991,494
TOTAL DIRECT COST		\$12,384,202	\$248	82%	\$2,322,840	\$232.3	82%	\$3,018,915	\$301.9	82%	\$1,452,710	\$20.29
INDIRECT COSTS												
PL & PD Insurance		\$198,139	\$3.96	1.3%	\$38,291	\$3.83	1.3%	\$45,866	\$4.59	1.3%	\$22,071	\$0.31
Builders Risk Insurance		\$46,658	\$0.93	0.3%	\$9,752	\$0.98	0.3%	\$11,375	\$1.14	0.3%	\$5,474	\$0.08
G C Bond		\$135,460	\$2.71	0.9%	\$26,409	\$2.64	0.9%	\$33,024	\$3.30	0.9%	\$15,891	\$0.22
Contractors Contingency		\$752,556	\$15.05	5.0%	\$141,163	\$14.12	5.0%	\$183,465	\$18.35	5.0%	\$88,284	\$1.23
Sales Tax - Current Sales Tax Rate		\$792,441	\$15.85	5.3%	\$148,646	\$14.86	5.3%	\$183,189	\$18.32	5.3%	\$92,963	\$1.30
Contractors O.H. & P.		\$752,556	\$15.05	5.0%	\$141,163	\$14.12	5.0%	\$183,465	\$18.35	5.0%	\$88,284	\$1.23
TOTAL INDIRECT COST		\$2,667,810	\$53.36	17.7%	\$500,424	\$50.04	18%	\$650,383	\$65.04	18%	\$312,866	\$4.37
TOTAL CONSTRUCTION COST		\$15,051,112	\$301	100%	\$2,823,264	\$282.3	100%	\$3,669,299	\$366.9	100%	\$1,765,576	\$24.66
Date Date												
Construction Start												
Mid Point of Construction Date												
Total Months												
Escalation Percentage Per Month Labor												
Escalation Percentage Per Month Material												
Total Non-Amortized Composite Escalation Rate												
OWNER'S SOFT COSTS - Based on Percentage of the Construction Cost												
AVE Design Services		10.00%	\$	2,330,935	\$33.30							
CM/Preconstruction Services		1.00%	\$	233,094	\$3.33							
Insurance Cost		1.00%	\$	233,094	\$3.33							
FF&E		10.00%	\$	2,330,935	\$33.30							
Signage		2.00%	\$	466,187	\$6.66							
Project Administration		1.00%	\$	233,094	\$3.33							
Marketing and Commissioning		1.00%	\$	233,094	\$3.33							
Hazardous Material/Mold Testing and Abatement		0.00%	\$	0	\$0.00							
SUBTOTAL FOR SOFT COST			\$	5,060,431	\$66.58							
Owner's Contingency		5.00%	\$	1,468,489	\$20.98							
Total Project Cost - Area "A"				\$30,838,271	\$440.55							

Project: Revised - Tucson Convention Center Expansion and Renovation											
Estimate Type: Preliminary Cost Model											
Date: 25-Feb-07											
Phase I - Area "B" - East Meeting Rooms and Sitework											
Tucson, AZ		New East Meeting Rooms				Area "B" Site and Demolition				Total Building SQFT Less Site	
		Square Footage 32,000				Square Footage 64,000				Square Footage 32,000	
Sys #	Description	Totals	\$/S.F.	%	Totals	\$/S.F.	%	Project Totals	\$/S.F.		
DIRECT COSTS											
100	General Conditions and Requirements	\$770,617	\$24.08	8%	\$124,891	\$1.95	8%	\$895,508	\$28		
200	Site Work	\$67,200	\$2.10	1%	\$768,000	\$12.00	49%	\$835,200	\$26		
200	Demolition - Structure	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0		
200		\$0	\$0.00	0%	\$224,000	\$3.50	14%	\$224,000	\$7		
300	Substructure	\$590,080	\$18.44	6%	\$0	\$0.00	0%	\$590,080	\$18		
400	Superstructure	\$985,600	\$30.80	10%	\$0	\$0.00	0%	\$985,600	\$31		
400	Seismic Upgrades	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0		
500		\$480,000	\$15.00	5%	\$0	\$0.00	0%	\$480,000	\$15		
700	Roofing	\$274,240	\$8.57	3%	\$0	\$0.00	0%	\$274,240	\$9		
900	Interior Construction	\$789,440	\$24.67	8%	\$0	\$0.00	0%	\$789,440	\$25		
950	Interior Finishes	\$938,560	\$29.33	10%	\$0	\$0.00	0%	\$938,560	\$29		
1000	Specialties	\$37,440	\$1.17	0%	\$0	\$0.00	0%	\$37,440	\$1		
1200	Equipment & Furnishings	\$201,280	\$6.29	2%	\$0	\$0.00	0%	\$201,280	\$6		
1300	Special Construction	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0		
1400	Conveying Systems	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0		
1530	Fire Protection	\$67,200	\$2.10	1%	\$0	\$0.00	0%	\$67,200	\$2		
1540	Plumbing	\$229,120	\$7.16	2%	\$0	\$0.00	0%	\$229,120	\$7		
1580	HVAC	\$686,400	\$21.45	7%	\$0	\$0.00	0%	\$686,400	\$21		
1600	Electrical	\$774,400	\$24.20	8%	\$0	\$0.00	0%	\$774,400	\$24		
SUBTOTAL DIRECT COST		\$6,891,577	\$215	72%	\$1,116,891	\$17	72%	\$8,008,468	\$250		
Escalation		0%	By C.O.T.	\$0.00	0%	By C.O.T.	\$0.00	0%	By C.O.T.	\$0	
Design Contingency		15%	\$1,033,737	\$32.30	11%	\$167,534	\$2.62	11%	\$1,201,270	\$38	
TOTAL DIRECT COST		\$7,925,313	\$248	82%	\$1,284,424	\$20	82%	\$9,209,738	\$288		
TOTAL INDIRECT COST		\$1,707,398	\$53	18%	\$276,711	\$4	18%	\$1,707,398	\$53		
TOTAL CONSTRUCTION COST		\$9,632,712	\$301	100%	\$1,561,136	\$24	100%	\$11,193,847	\$350		
OWNER'S SOFT COSTS - Based on Percentage of the Construction Cost											
Data Date											
Construction Start											
Mid Point of Construction Date											
Total Months											
Escalation Percentage Per Month Labor											
Escalation Percentage Per Month Material											
Total Non-Amortized Composite Escalation Rate											

Project: Revised - Tucson Convention Center Expansion and Renovation														
Estimate Type: Preliminary Cost Model														
Date: 25-Feb-07														
Phase II - Area "C" - Renovate Arena and Concourses														
Tucson, AZ														
Exhibit Hall Arena Renovation				Exhibit Hall (Arena) Restroom Renovation			Service Corridor Renovation			Arena Interior Demolition			Total Building SQFT Less Site	
Square Footage 66,000				Square Footage 6,000			Square Footage 20,000			Square Footage 40,000			Square Footage 92,000	
Totals				Totals			Totals			Totals			Project Totals	
S/S.F.				S/S.F.			S/S.F.			S/S.F.			S/S.F.	
%				%			%			%			%	
DIRECT COSTS														
100 General Conditions and Requirements				\$778,994			\$11.80			8%			\$58,920	
200 Site Work				\$0			\$0.00			0%			\$0	
200 Demolition - Structure				\$0			\$0.00			0%			\$0	
200 Demolition - Selective				\$0			\$0.00			0%			\$0	
300 Substructure				\$792,000			\$12.00			8%			\$12,000	
400 Superstructure				\$650,100			\$9.85			7%			\$0	
400 Seismic Upgrades				\$792,000			\$12.00			8%			\$0	
500 Exterior Closure				\$0			\$0.00			0%			\$0	
700 Roofing				\$0			\$0.00			0%			\$0	
900 Interior Construction				\$330,000			\$5.00			3%			\$84,000	
950 Interior Finishes				\$859,000			\$18.00			15%			\$108,000	
1000 Specialties				\$0			\$0.00			0%			\$24,000	
1200 Equipment & Furnishings				\$0			\$0.00			0%			\$0	
1300 Special Construction				\$0			\$0.00			0%			\$0	
1400 Conveying Systems				\$792,000			\$12.00			8%			\$0	
1530 Fire Protection				\$66,000			\$1.00			1%			\$6,000	
1540 Plumbing				\$66,000			\$1.00			1%			\$120,000	
1580 HVAC				\$396,000			\$6.00			4%			\$30,000	
1600 Electrical				\$1,445,400			\$21.90			15%			\$84,000	
SUBTOTAL DIRECT COST				\$6,966,494			\$106			72%			\$526,920	
Escalation 0%				By C.O.T.			\$0.00			0%			By C.O.T.	
Design Contingency 15%				\$1,044,974			\$15.83			11%			\$79,039	
TOTAL DIRECT COST				\$8,011,468			\$121			82%			\$605,958	
TOTAL INDIRECT COST				\$1,725,959			\$26			18%			\$130,545	
TOTAL CONSTRUCTION COST				\$9,737,427			\$148			100%			\$736,504	
Data Date														
Construction Start														
Mid Point of Construction Date														
Total Months														
Escalation Percentage Per Month Labor														
Escalation Percentage Per Month Material														
Total Non-Amortized Composite Escalation Rate														
OWNER'S SOFT COSTS - Based on Percentage of the Construction Cost														
A/E Design Services				10%			\$			1,229,512			\$13,36	
CM/Preconstruction Services				1%			\$			122,951			\$1,34	
Insurance Cost				1%			\$			122,951			\$1,34	
P&E				10%			\$			1,229,512			\$13,36	
Signage				2%			\$			245,902			\$2,67	
Project Administration				1%			\$			122,951			\$1,34	
Marketing and Commissioning				1%			\$			122,951			\$1,34	
Hazardous Material/Mold Testing and Abatement				0%			By C.O.T.						\$0.00	
SUB TOTAL FOR SOFT COST							\$			3,196,732			\$34,75	
Owner's Contingency				5%						774,593			\$8,42	
Total Project Cost - Area "C"													\$16,266,450	
													\$176.81	

TUCSON CONVENTION CENTER

Project: Revised - Tucson Convention Center Expansion and Renovation																			
Estimate Type: Preliminary Cost Model																			
Date: 25-Feb-07																			
Phase III - Area "D" - Ballroom, Grand Lobby and Sitework																			
Tucson, AZ				Grand Lobby and Prefunction				New Ballroom				Area "C" Site and Demolition				Total Building SQFT Less Site			
Square Footage				45,000				Square Footage				30,000				Square Footage			
												82,400				75,000			
Sys #	Description	Totals	\$/S.F.	%	Totals	\$/S.F.	%	Totals	\$/S.F.	%	Project Totals	\$/S.F.							
100	General Conditions and Requirements	\$1,317,208	\$29.27	8%	\$1,011,189	\$33.71	8%	\$308,626	\$3.75	8%	\$2,637,024	\$35.16							
200	Site Work	\$0	\$0.00	0%	\$0	\$0.00	0%	\$1,648,000	\$20.00	43%	\$1,648,000	\$21.97							
200	Demolition - Structure	\$0	\$0.00	0%	\$0	\$0.00	0%	\$247,200	\$3.00	6%	\$247,200	\$3.30							
200	Demolition - Selective	\$0	\$0.00	0%	\$0	\$0.00	0%	\$556,200	\$6.75	14%	\$556,200	\$7.42							
300	Substructure	\$764,100	\$16.98	5%	\$376,500	\$12.55	3%	\$0	\$0.00	0%	\$1,140,600	\$15.21							
400	Superstructure	\$1,739,250	\$38.65	11%	\$1,338,600	\$44.62	11%	\$0	\$0.00	0%	\$3,077,850	\$41.04							
400	Seismic Upgrades	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00							
500	Exterior Closure	\$2,054,700	\$45.66	12%	\$1,236,000	\$41.20	10%	\$0	\$0.00	0%	\$3,290,700	\$43.88							
700	Roofing	\$385,650	\$8.57	2%	\$256,710	\$8.56	2%	\$0	\$0.00	0%	\$642,360	\$8.56							
900	Interior Construction	\$1,183,500	\$26.30	7%	\$789,000	\$26.30	6%	\$0	\$0.00	0%	\$1,972,500	\$26.30							
950	Interior Finishes	\$1,485,000	\$33.00	9%	\$990,000	\$33.00	8%	\$0	\$0.00	0%	\$2,475,000	\$33.00							
1000	Specialties	\$90,000	\$2.00	1%	\$1,050,000	\$35.00	8%	\$0	\$0.00	0%	\$1,140,000	\$15.20							
1200	Equipment & Furnishings	\$283,050	\$6.29	2%	\$188,700	\$6.29	1%	\$0	\$0.00	0%	\$471,750	\$6.29							
1300	Special Construction	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00							
1400	Conveying Systems	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00	0%	\$0	\$0.00							
1530	Fire Protection	\$94,500	\$2.10	1%	\$63,000	\$2.10	0%	\$0	\$0.00	0%	\$								

Project: Revised - Tucson Convention Center Expansion and Renovation						
Estimate Type: Preliminary Cost Model						
Date: 25-Feb-07						
Phase III - Area "E" - Upper Level Kitchen						
Tucson, AZ		New Upper Level Kitchen		Total Building SQFT Less Site		
		Square Footage 10,000		Square Footage 10,000		
Sqs # Description		Totals \$/S.F. %		Project Totals \$/S.F.		
DIRECT COSTS						
100	General Conditions and Requirements	\$268,532	\$26.85	8%	\$268,532 \$26.85	
200	Site Work	\$0	\$0.00	0%	\$0 \$0.00	
200	Demolition - Structure	\$0	\$0.00	0%	\$0 \$0.00	
200	Demolition - Selective	\$13,500	\$1.35	0%	\$13,500 \$1.35	
300	Substructure	\$184,400	\$18.44	5%	\$184,400 \$18.44	
400	Superstructure	\$352,000	\$35.20	10%	\$352,000 \$35.20	
500	Exterior Closure	\$150,000	\$15.00	4%	\$150,000 \$15.00	
700	Roofing	\$85,700	\$8.57	3%	\$85,700 \$8.57	
900	Interior Construction	\$246,700	\$24.67	7%	\$246,700 \$24.67	
950	Interior Finishes	\$213,000	\$21.30	6%	\$213,000 \$21.30	
1000	Specialties	\$11,700	\$1.17	0%	\$11,700 \$1.17	
1200	Equipment & Furnishings	\$62,900	\$6.29	2%	\$62,900 \$6.29	
1300	Special Construction	\$0	\$0.00	0%	\$0 \$0.00	
1400	Conveying Systems	\$90,000	\$9.00	3%	\$90,000 \$9.00	
1530	Fire Protection	\$21,000	\$2.10	1%	\$21,000 \$2.10	
1540	Plumbing	\$153,000	\$15.30	5%	\$153,000 \$15.30	
1580	HVAC	\$253,000	\$25.30	8%	\$253,000 \$25.30	
1600	Electrical	\$242,000	\$24.20	7%	\$242,000 \$24.20	
SUBTOTAL DIRECT COST		\$2,347,432	\$235	70%	\$2,347,432 \$234.74	
Escalation		0%	By C.O.T.	0%	\$0.00	
Design Contingency		15%	\$414,253	\$41.43	\$414,253 \$41.43	
TOTAL DIRECT COST		\$2,761,685	\$276	82%	\$2,761,685 \$276.17	
INDIRECT COSTS						
PL & PD Insurance		1.25%	\$41,958	\$4	1%	\$41,958 \$4.20
Builders Risk Insurance		0.31%	\$10,406	\$1	0%	\$10,406 \$0.00
G C Bond		0.30%	\$30,210	\$3	1%	\$30,210 \$0.00
Contractors Contingency		5.00%	\$167,833	\$17	5%	\$167,833 \$16.78
Sales Tax - Current Sales Tax Rate		5.27%	\$176,728	\$18	5%	\$176,728 \$17.67
Contractors O.H. & P		5.00%	\$167,833	\$17	5%	\$167,833 \$16.78
TOTAL INDIRECT COST			\$594,966	\$59	18%	\$594,966 \$59.50
TOTAL CONSTRUCTION COST			\$3,356,651	\$336	100%	\$3,356,651 \$335.67
Data Date		OWNER'S SOFT COSTS - Based on Percentage of the Construction Cost				
Construction Start		A/E Design Services	10%	\$	335,665	\$33.57
Mid Point of Construction Date		CM /Preconstruction Services	1%	\$	33,567	\$3.36
Total Months		Insurance Cost	1%	\$	33,567	\$3.36
Escalation Percentage Per Month Labor		FF&E	10%	\$	335,665	\$33.57
Escalation Percentage Per Month Material		Signage	2%	\$	67,133	\$6.71
Total Non-Amortized Composite Escalation Rate		Project Administration	1%	\$	33,567	\$3.36
		Marketing and Commissioning	1%	\$	33,567	\$3.36
		Hazardous Material/Mold Testing and Abatement	0%	By C.O.T.	\$0.00	
		SUBTOTAL FOR SOFT COST		\$	872,729	\$87.27
		Owner's Contingency	5%	\$	211,469	\$21.15
		Total Project Cost - Area "E"			\$4,440,850	\$444.08

Project: Revised - Tucson Convention Center Expansion and Renovation																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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Phase III - Area "F" - Renovate Existing Center																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
Tucson, AZ		Lower-Exhibit Space and Restroom										Lobbies #1 and #2 - Concourse Level										Lobby - Mezzanine Level										Restrooms - Mezzanine Level										Conference Rooms - Mezzanine Level										Circulation - Mezzanine Level										Ballroom - Mezzanine Level										Total Building SOFT Less Site																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
		Square Footage: 109,852										Square Footage: 14,331										Square Footage: 14,389										Square Footage: 3,468										Square Footage: 5,433										Square Footage: 18,750										Square Footage: 22,495										Square Footage: 188,558																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Type & Description		Item	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%	QTY	UNIT	PRICE	%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
100 Project Conditions and Requirements		\$18,940	\$1.00	%	\$26,471	\$1.66	%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$20,000	\$1.25	0.0%	\$40,775	\$2.50	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$10,000	\$0.62	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%

TUCSON CONVENTION CENTER

Project: Revised - Tucson Convention Center Expansion and Renovation									
Estimate Type: Preliminary Cost Model									
Date: 25-Feb-07									
Areas "A", "B", "C", "D", "E" and "F"									
	Phase I - Area "A" - South Meeting Rooms, Entry, Administration Offices and Stitework	Phase I - Area "B" - East Meeting Rooms and StiteworkArea "B"	Phase II - Area "C" - Renovate Area and Concourses	Phase II - Area "D" - Ballroom, Grand Lobby and StiteworkArea "D"	Phase III - Area "E" - Upper Level Kitchen	Phase III - Area "F" - Renovate Existing Center	Total Building SOFT Less Site		
Tucson, AZ	Square Footage	75,000	32,000	92,000	75,000	10,000	188,558	Square Footage	467,558
Sys # Description	Totals	Totals	Totals	Totals	Totals	Totals	Totals	Project Totals	\$&F.
DIRECT COSTS									
100 General Conditions and Requirements	\$1,864,748	\$895,508	\$983,610	\$2,637,024	\$268,532	\$513,659	\$7,163,081	\$15.32	
200 Site Work	\$1,064,200	\$835,200	\$0	\$1,648,000	\$0	\$0	\$3,547,400	\$7.59	
200 Demolition - Structure	\$0	\$0	\$0	\$247,200	\$0	\$0	\$247,200	\$0.53	
200 Demolition - Selective	\$262,772	\$224,000	\$494,400	\$556,200	\$13,500	\$210,968	\$1,761,840	\$3.77	
300 Substructure	\$1,166,400	\$590,080	\$804,000	\$1,140,600	\$184,400	\$0	\$3,885,480	\$8.31	
400 Superstructure	\$2,238,000	\$985,600	\$650,100	\$3,077,850	\$352,000	\$0	\$7,303,550	\$15.62	
400 Seismic Upgrades	\$0	\$0	\$792,000	\$0	\$0	\$0	\$792,000	\$1.69	
500 Exterior Closure	\$942,600	\$480,000	\$0	\$3,290,700	\$150,000	\$165,622	\$5,028,922	\$10.76	
700 Roofing	\$699,000	\$274,240	\$0	\$642,360	\$86,700	\$0	\$1,662,200	\$3.43	
800 Interior Construction	\$1,735,900	\$789,440	\$734,000	\$1,972,500	\$248,700	\$693,093	\$6,162,633	\$13.18	
950 Interior Finishes	\$1,976,100	\$938,560	\$1,066,000	\$2,475,000	\$213,000	\$879,000	\$7,548,260	\$16.14	
1000 Specialties	\$81,900	\$37,440	\$24,000	\$1,140,000	\$11,700	\$512,853	\$1,807,893	\$3.87	
1200 Equipment & Furnishings	\$422,400	\$201,280	\$0	\$471,750	\$62,900	\$0	\$1,158,330	\$2.48	
1300 Special Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	
1400 Conveying Systems	\$562,500	\$0	\$792,000	\$0	\$90,000	\$0	\$1,444,500	\$3.09	
1530 Fire Protection	\$147,000	\$67,200	\$92,000	\$157,500	\$21,000	\$0	\$484,700	\$1.04	
1540 Plumbing	\$501,200	\$229,120	\$206,000	\$304,800	\$153,000	\$189,085	\$1,583,205	\$3.39	
1580 HVAC	\$1,425,700	\$686,400	\$206,000	\$1,606,750	\$253,000	\$570,783	\$5,050,633	\$10.80	
1600 Electrical	\$1,694,000	\$774,400	\$1,639,400	\$2,212,500	\$242,000	\$723,486	\$7,285,786	\$15.59	
SUBTOTAL DIRECT COST	\$16,676,320	\$8,008,468	\$8,783,519	\$23,582,734	\$2,347,432	\$4,499,149	\$63,857,613	\$136.58	
Escalation	By C.O.T.	By C.O.T.	By C.O.T.	By C.O.T.	By C.O.T.	By C.O.T.	By C.O.T.	By C.O.T.	\$0.00
Design Contingency	\$2,501,449	\$1,201,270	\$1,332,304	\$3,637,410	\$414,253	\$727,600	\$9,714,186	\$20.78	
TOTAL DIRECT COST	\$19,177,769	\$9,209,738	\$10,115,814	\$27,120,144	\$2,761,685	\$5,186,650	\$73,571,799	\$157.35	
INDIRECT COSTS									
TOTAL INDIRECT COST	\$4,131,582	\$1,984,109	\$2,179,311	\$5,842,656	\$594,966	\$1,117,391	\$15,850,817	\$33.90	
TOTAL CONSTRUCTION COST	\$23,309,350	\$11,193,847	\$12,295,125	\$32,962,801	\$3,356,651	\$6,304,041	\$89,421,815	\$191.25	
OWNER'S SOFT COSTS - Based on Percentage of the Construction Cost									
A/E Design Services	10.00%						\$ 8,942,182	\$19.13	
C/M (Preconstruction Services)	1.00%						\$ 894,218	\$1.91	
Insurance Cost	1.00%						\$ 894,218	\$1.91	
IT&E	10.00%						\$ 8,942,182	\$19.13	
Signage	2.00%						\$ 1,788,436	\$3.83	
Project Administration	5.00%						\$ 4,471,090	\$9.57	
Marketing and Commissioning	5.00%						\$ 4,471,090	\$9.57	
Hazardous Material/Mold Testing and Abatement	0.00%						By C.O.T.	\$0.00	
SUBTOTAL FOR SOFT COST							\$ 23,249,872	\$49.73	
Owner's Contingency	5.00%						\$ 5,633,574	\$12.05	
Total Project Cost							\$118,305,062	\$253.03	

APPENDIX II

Tucson Convention Center and Hotel Development Market Study

Survey Results

1. What types of events do you own, manage or plan? (Please check all that apply.)

	Number of Responses	Response Ratio
Trade Exhibitions	61	70%
Conferences/Meetings/Seminars	52	59%
Association Conventions	40	45%
Corporate Meetings	16	18%
Special Events	14	16%
Consumer Shows	5	5%
Other, please specify	1	1%

2. Do you currently hold or is your organization planning to hold an event in the Tucson, Arizona area over the next three to five years?

	Number of Responses	Response Ratio
Yes	12	14%
No	73	86%

3. What is your perception of the Tucson Convention Center as a facility for hosting consumer and Tradeshows?

	Number of Responses	Response Ratio
Great	0	0%
Above Average	5	7%
Average	45	65%
Below Average	16	23%
Poor	3	4%

4. Are there any issues with the physical quality of the current facility? If yes, please explain.

	Number of Responses	Response Ratio
Yes	21	36%
No	38	64%

If yes, please explain:

- Actually not familiar with facility - but do know that it doesn't have enough meeting space for the space intensive medical/scientific meeting we produce
- Based on your description, it sounds like it is in need of updating.
- Because we do not fit at this time, we have not investigated or visited the facilities.
- Do you allow live pets within your Center?
- For our specific event, it is not big enough to accommodate.
- I am not that familiar with the facility
- I have never been.
- I'm not familiar enough with the facility to comment.
- It's not the facility, it's the location. Why would a B2B Trade show want to take its conference and show to Tucson?
- Need to have compressed air for our equipment
- Needs a new face-tired with obstructive loading
- Needs to be renovated and brought into the 21st century.
- Needs updated
- No issues because it's an unknown entity to me.
- Not enough exhibit space (need at least 100,000 square ft.) and the ballroom is too small. Also, the facilities are in need of renovation.
- Not enough exposition space to accommodate larger shows
- Not familiar
- Not familiar with facility
- Not familiar with the center but I know it is not large enough for our annual meeting.
- not familiar with the property.
- Not seen facility, hard to comment.
- Parking is limited.
- Run-down
- Size of breakout space

- Size...need bigger
- size/#of meeting rooms
- The facility is too small and doesn't have an adequate hotel infrastructure or meeting space.
- The size, it is too small.
- This is unknown. We have never met at the Convention Center. We have used a hotel property (but had space issues)
- Too small based on what I have seen of your building. I must admit I have never been there.
- Too small for my events
- Too small for our events.
- Too small for us
- Too Small, not enough meeting space, not enough hotel rooms

5. Are there any issues with current operations of the facility? If yes, please explain.

	Number of Responses	Response Ratio
Yes	0	0%
No	56	100%

6. How many events did your organization produce or plan to produce in 2006?

	Number of Responses	Response Ratio
0	0	0%
1 to 3	23	31%
4 to 6	16	22%
7 to 9	9	12%
10 to 20	14	19%
Over 21	12	16%

7. What is the preferred type of location for your most important events?

	Number of Responses	Response Ratio
Urban downtown area	48	65%
Resort hotel	14	19%
Suburban area	2	3%
Airport area	0	0%
Other, please specify	10	14%

Other, please specify

- All of the above
- Any with convenient access and active nightlife
- city-wide, convention center, headquarter property
- Convention center
- Convention Center
- Convention Center
- Convention Center/Corp Hotel
- Las Vegas, New York city and Asia
- Sands Expo Center in Vegas/ Miami Beach CC
- WMC

8. What is your organization's primary venue site-selection criteria? (Please check all that apply.)

	Number of Responses	Response Ratio
Costs (to you the event management group)	56	91%
Costs (to exhibitors and attendees)	49	80%
Exhibit space quality	47	77%
Meeting space quality	46	75%
Quality and proximity hotels	42	68%
Proximity to restaurants and bar, airport access	28	45%
Proximity to tourism and cultural attractions	12	19%
Parking availability	11	18%
Proximity and on-site parking, mass transit access	8	13%
Highway access	7	11%
Proximity to recreational activities	7	11%
Other, please specify	16	26%

Other, please specify

- Ability to attract attendees
- Ability to draw attendees and local demographics
- Activities within walking distance
- Audience
- Available air lift into a city
- Ease/cost for International attendees
- Flight availability
- Great customer service
- Location/proximity to members
- Must have 6-10 tennis courts
- Other trade shows in the same time
- Pet friendly
- Population of the area surrounding the City/Facility
- Proximity to attendees
- Quantity of meeting space
- Regional attendance draw - drive-in potential

9. What was the size of your largest convention, exhibition or meeting held in 2006 or to be held in 2006 by the following?

	Average	Median	High	Low
Net Square Feet	137,107	100,000	800,000	10,000
Number of Exhibiting Companies	408	293	1,700	80
Number of Attendees/Delegates	8,714	4,433	80,000	400
Number of Meeting Rooms	23	20	80	0
Square Feet of Meeting Rooms	29,532	10,000	150,000	100
Square Feet of Ballroom Space	28,237	25,000	60,000	300
Total Show/Event Days	4	4	15	2
Number of Move-in/Move-out Days	4	3	10	1
Number of Hotel Guest Rooms on Peak Night Only	2,167	1,200	16,000	250
Number of Total Hotel Guest Rooms Nights (for entire event)	8,022	3,775	76,000	25

10. Does your largest convention, exhibition or meeting held in 2006 or to be held in 2006 rotate or is it anchored to a particular city?

	Number of Responses	Response Ratio
Anchored to particular city	22	36%
Rotates within a state or region	3	5%
Rotates nationally	35	57%
Rotates international	1	2%

11. Please list the city, state or region your largest convention, exhibition or meeting held in 2006 or to be held in 2006 is anchored or rotates?

ANCHORED to particular city or area, please name the city or area:

- Atlanta, GA
- Boston
- Dallas
- Denver
- Honolulu, Hawaii
- Las Vegas
- Las Vegas
- Las Vegas
- Las Vegas
- Las Vegas
- Las Vegas
- Las Vegas - Sands Expo Center
- Las Vegas, NV
- Las Vegas, NV

-
- Los Angeles
 - Miami Beach, Fl and Long Beach, Ca
 - NYC
 - Orlando
 - Orlando Florida
 - Orlando, FL
 - Philadelphia
 - Phoenix AZ
 - PORTLAND, OREGON
 - South East
 - Tucson, AZ

ROTATES within a state or region, please name the state or region:

- all over, we have several meetings of this size
- California
- California
- Denver, Orlando, San Antonio, Philadelphia
- East/West
- Honolulu, Seattle
- Las Vegas, NV
- Las Vegas, Orlando and New Orleans
- Long Beach, CA
- LV and Orlando
- Midwest
- Midwest, South
- Pittsburgh
- Rotates Nationally
- Southwest, South Midwest, Southeast
- USA
- Vegas, Orlando
- West

12. When considering your IDEAL exhibition and meeting facility, which of the following facility amenities and specifications are important to you when evaluating venues?

	Important	Not important
Exhibition Halls	59 98%	1 2%
Meeting/Breakout/Banquet Rooms Space	56 95%	3 5%
On-Site Headquarters Hotel	52 88%	7 12%
Grand Ballroom for Meals or General Sessions	47 80%	12 20%
Additional Ballroom for Meals and Sessions	36 67%	18 33%
Theatre/Lecture Hall	20 39%	31 61%
Boardrooms/Offices	20 38%	32 62%

13. Please provide a MINIMUM facility requirement (in Net Square Feet or Number of Rooms) for each amenity or specification when considering your IDEAL exhibition and meeting facility:

	Average	Median	High	Low
Exhibition Halls (Net Square Feet)	171,472	100,000	800,000	9,000
Grand Ballroom for Meals or General Sessions (Net Square Feet)	29,115	22,500	150,000	3,000
Additional Ballroom for Meals and Sessions (Net Square Feet)	14,393	15,000	25,000	2,000
Meeting/Breakout/Banquet Rooms Space (Net Square Feet)	15,154	10,000	60,000	1,000
Meeting/Breakout/Banquet Rooms Space (Number of Rooms)	18	14	90	3
Boardrooms/Offices (Number of Rooms)	3	2	10	0
Theatre/Lecture Hall (Number of Rooms)	1	1	2	0
On-Site Headquarters Hotel (Number of Rooms)	1,177	725	5,000	200

14. Typically, what is the average hotel room rate within your primary block at your most important event(s)?

Average: \$165.02
Median: \$154.50
High: \$300.00
Low: \$90.00

15. Does your organization currently hold a convention, exhibition or meeting in the Tucson, Arizona area?

	Number of Responses	Response Ratio
Yes	3	6%
No	49	94%

16. Do you hold currently or plan to hold a convention, exhibition or meeting in any of the following Tucson, Arizona venues?

	Number of Responses	Response Ratio
None	42	82%
University of Arizona Facilities	0	0%
Marriott Hotel	2	3%
Tucson Arena	0	0%
Fairgrounds	0	0%
Hotel Arizona	1	1%
Other Resort Hotels	3	5%
Other, please specify	3	5%

Other, please specify

- Considered but eliminated due to facility restrain
- Howard Johnson and La Quinta Inn
- Not planning on returning to Tucson in 2-3 years

17. If your organization has not held an event in Tucson, Arizona, would your organization consider holding an event in Tucson, Arizona over the next five to seven years if a renovated state-of-the-art convention center was built?

	Number of Responses	Response Ratio
Yes	8	15%
No	14	26%
Unsure	25	47%
Other, please specify	6	11%

Other, please specify

- Exhibit space will still be inadequate
- Only if it were large enough
- Only if you have better hotels with a proven record
- We are already booked out through 2013
- We do not use a convention center
- We may consider moving our event

18. What is your opinion of the following attributes of Tucson, Arizona as an event host location? (1 = Positive Opinion, 2 = Negative Opinion)

	Positive Opinion	Negative Opinion	No Opinion/Not Applicable
Don't know the market – No opinion	15 34%	3 7%	26 59%
Weather	22 63%	4 11%	9 26%
Golf courses or other sporting opportunities in the area	18 51%	1 3%	16 46%
Cost of doing business	17 47%	1 3%	18 50%
Hotel room PRICES	13 37%	4 11%	18 51%
1 mile proximity to Airport	13 36%	2 6%	21 58%
CVB/Chamber of Commerce/Government marketing efforts/support	12 35%	3 9%	19 56%
Safety issues/crime rate, etc.	12	2	21

	34%	6%	60%
Health of the city/regional economy	11 31%	5 14%	19 54%
Hotel room QUALITY	11 31%	6 17%	18 51%
Finding open dates	10 28%	1 3%	25 69%
Cultural amenities, "nightlife"	9 25%	9 25%	18 50%
On-site new hotels (proposed)	9 25%	7 19%	20 56%
Regional professional demographics	7 20%	10 29%	18 51%
Airport capacity	7 19%	4 11%	26 70%
Exhibition and event venue QUALITY	7 19%	10 28%	19 53%
Hotel room CAPACITY, total number of hotels and rooms	7 19%	12 33%	17 47%
Regional hub for attracting visitors from neighboring countries	5 15%	12 35%	17 50%
Exhibition and event venue SIZE	5 14%	15 41%	17 46%
Total population, regional consumer demographics	4 12%	7 21%	23 68%
Transportation infrastructure	4 12%	6 18%	24 71%
Level of meeting and exhibition competition in the area	3 9%	9 26%	23 66%
Location next to Arena	2 6%	2 6%	29 88%

19. In differentiating a new exhibition and meeting facility in Tucson, Arizona what unique or special specifications or amenities do you recommend incorporating?

- Adequate on site parking.
- Allow outside catering vendors (such as hotels) to bid on a group's business.
- At least 1,000 hotels rooms within walking distance.
- Better flow from one meeting space to another
- Consider a meeting planner focus group to help with facility functionality
- Ease of getting attendees from hotel to convention center - walking distance is preferable to bussing
- Incorporate "green building" LEED techniques, more arts/cultural/museum attractions with center
- Large General Session Space
- Large lecture hall
- Lax labor rules
- MAKE PET FRIENDLY
- meeting rooms CLOSE to the exhibition hall
- More continuous exhibition space with a strong hotel infrastructure
- Presentation management systems for presenters, wireless access (FREE)
- State of art
- Supporting hotels in walking distance that have meeting spaces as well.....
- User friendly - working with one person rather than each department
- Wireless internet access in all meeting rooms and common areas
- Wireless Internet, ease of passageway between conference session rooms and exhibition space

20. Do you have an event or range of events that would be well suited to be held in a new venue with the following specifications? (140,000 SF of exhibit space, 50,000 SF ballroom space, 32,000 SF of meeting space, 675 on site hotel rooms, 2,500 nearby rooms)

	Number of Responses	Response Ratio
Yes	15	34%
No	17	39%
Unsure	10	23%
Other, please specify	2	5%

Other, please specify

- 140,000 NET we need 300K GROSS
- Would need more hotel rooms on site

21. There are 700 hotel rooms within walking distance of the Convention Center. Are there enough hotel rooms around the convention center to hold your attendees? If No, how many hotel rooms are needed?

	Number of Responses	Response Ratio
Yes	15	36%
No	27	64%

If No, how many hotel rooms are needed?

- 900
- 1,000
- 1,000
- 1,000
- 1,500
- 1,500
- 1,500
- 1,500
- 2,000
- 3,500
- 8,000
- 1,000+
- 2,000 to 3,000
- 2,250 on peak night
- 6,000 peak night
- 800 -1,000
- 900 for smallest event
- Need to have one hotel for this group and not multiple hotels - if there are 700 rooms in walking distance, probably means more than one hotel
- NO.....they aren't convention caliber hotels.
- Would like to have at least 1,000.

22. If you are interested in learning more about this proposed Tucson, Arizona development or providing additional feedback and recommendations to ensure the most optimal facility design, please leave your name, company affiliation and full contact information below.

- Bill Clift AKS Gem Shows 4532 Kawanee Ave. Metairie, LA 70006
- Gwen Melton CE/Convention Manager The Arizona Dental Association 3193 Drinkwater Blvd. Scottsdale, AZ 85251
- Patrick Dinan Family Events, Inc. PO Box 5755 Portland, OR 97228 503-287=7541 patdinan@comcast.net

Survey Facts

Launched:	09/26/2006
Closed:	09/29/2006
Email Invites:	1,559
Responses:	87
Response Rate:	5.5%